



Daily Report

East Asia

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Japan

Japan: DA Official Says Supply of Information to U.S. Possible

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[FBIS Transcribed Text] Tokyo, May 21 KYODO — There would be nothing wrong from the standpoint of the constitution in providing military information collected by the Self-Defense Forces to the U.S. military, a top Defense Agency (DA) official said Tuesday (21 May).

Replying to a Japanese Communist Party interpellator in the House of Councillors cabinet committee, Masahiro Akiyama, head of the agency's Bureau of Defense Policy, said, "providing information for Japan's defense would not constitute collective defense," which is interpreted as prohibited under the constitution.

Akiyama's remark was seen as indicating that Japan may provide information through Airborne Warning and Control System (AWACS) planes and reconnaissance satellites in the future.

"Whether an act constitutes collective defense or not should be judged by the nature of the act itself," Akiyama added.

Japan: U.S. View on Semiconductor Agreement Criticized

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pp 112-121

[Article by Hajime Karatsu, Tokai University professor: "Japan-U.S. Semiconductor Agreement—Start Over With a Clean Slate, Idea of Shares To Measure Assess Is Outdated"]

[FBIS Translated Text] Dealing With USTR Requires Strong Nerves

Like a shirt buttoned up the wrong way, the Japan-U.S. semiconductor trade dispute began with a mistake on the United States side. The foreign-based semiconductor market share in Japan topped the 20 percent mark three years ago, the outcome of structural changes in semiconductor demand in Japan and the shift from semiconductors for consumer appliances to those for personal computers and industrial use. Only by stretching the truth can we say this 20 percent mark was reached because Japan's manufacturers felt they should make the effort to buy foreign-made semiconductors. The U.S. Trade Representative (USTR) claims the agreement should be continued, rationalizing its renewal or extension by saying that [such figures as this 20 percent market share] indicate the degree to which Japan's markets are open.

But electronics is one of the fastest changing fields of technology. There is no way of knowing what will become of this foreign-based semiconductor market share in the future, since it all depends on the direction that next-generation technology takes us. In manufacturing plants—sites where technology is being developed and applied—something quite different from what the USTR in Washington is saying is starting to happen.

It was one year ago, at the beginning of April, that I received a phone call from Washington, D.C. The caller asked me to take care of a Pentagon official who would be coming to Japan. Engineers working on a project to manufacture liquid crystal display (LCD) panels in the United States would be visiting to look over the situation here, so he asked for my help. It was an American company, RCA Corp., whose engineers invented flat panel displays, a matter of common knowledge, but it was Japan that carefully nurtured the technology and successfully created a large market for them. LCD's have now become indispensable components of high-tech weaponry.

All the latest aircraft have LCD's. We find them, for example, in the cockpit of a plane, right in the middle of the instrument panel, where they are used for navigational purposes, telling the pilot which way to turn his control stick, or for firing, after the target is sighted. All of these LCD's are made by Japanese companies. These days, display panels of various sizes and sorts are used in high-tech computerized weapons. Here, again, most of these displays are LCD's. It was only natural that Americans would find this dependence on foreign suppliers a threat to their national security. It was decided, therefore, that these parts should be made in the United States, and an effort was made to buy them from their own suppliers. But the price of these domestic parts were one hundred times higher than those from Japanese suppliers. Besides their price, they didn't perform as well. Not knowing what else to do, Americans looked to their government to provide funding for an emergency Defense Department program. First, however, they needed to acquaint themselves with the situation here, and thus this visit to Japan.

My first step was to ask a close friend of mine at NHK, the public broadcasting station, to contact the head of the NHK Research Institute in Kinuta, Tokyo, and have him show our visitor what was going on, not only with LCD's but the entire spectrum of flat-panel displays, a technology well under development in Japan. Conveniently, a convention featuring new panel models was being held in Yokohama just then, and I encouraged him to attend. He returned home well satisfied with his trip.

A month later, when I went to Washington with my wife, he received us very warmly. He even gave a party for us at his home. He also offered to be our guide. "I have my own plane," he said, "so why don't I take you around this Saturday?" I was taken aback, but then, not wanting to impose on his hospitality, cordially declined. Even though it may not be unusual for people in his position, even in the Defense Department, to have their own private planes, this encounter with American culture and this aspect of the national character left me quite envious. I also met with him again last October when he and two associates came to see me at the hotel where I was staying. After he explained the situation since our last meeting, he asked for my advice. When an American goes somewhere and buys a machine, it doesn't run well, he said. Japanese makers buy raw materials for their liquid crystals from Germany and then combine them according to their own formula. Isn't there ways to make use of the American makers? We proceeded to talk in this vein, even revealing matters of technical know-how. The atmosphere here was worlds apart from the strident bitterness that had marked the semiconductor dispute between our two countries for over 10 years. Ours was the world of mutual dependence and cooperative relationships, a world that only scientists and engineers can understand. There are no national boundaries in this world where the contest is decided by the "things" [products] you are working to complete.

I have observed trends and directions in the Japan-U.S. semiconductor controversy as someone both directly and indirectly involved since it began in 1980, some 15 years ago. To liken it to a simple mistake—like buttoning up a shirt the wrong way—is too mild a way of putting it. It is a dispute where distortion and fallacious arguments pass for truth.

Early this year, U.S. Trade Representative [Mickey] Kantor mentioned five problems that remain between the United States and Japan. One of those was supercomputers. "Enough with the jokes!" I felt like saying. "Buying American," the U.S. Government has never bought a single Japanese-made supercomputer. Japan has been completely closed out [of the government market]. Even the private sector has bought only two of these mainframes from Japan. And yet, the American side menaces and reviles the Japanese for their lack of market access. I only wish the other side would look at the following list of supercomputers now operating in Japan. There are more Clay [Research Corp.] supercomputers operating here than in any country outside the United States. We won't find Clay's grateful workers "sleeping with their feet to Japan." Still, the people at the USTR office want to put supercomputers on their list

in order to monitor market access. Dealing with these trade representatives requires a very strong nervous system.

Total Number of Supercomputers in Japan

Capacity	Fujitsu	NEC	Hitachi	Clay
5G(giga)flops (floating point operations per second)	14	13	7	7
300M(mega)flops	145	51	40	67

Source: DENPA SHIMBUN

Austin's Honorary Citizen

The other day, when I went to the Clay Research plant, which is a two hour drive from Minneapolis, an engineer showed me around, happily pointing out when one machine or another was "going to Japan." The memory chips, he said, were made by Fujitsu Ltd. Weren't Korean chips pretty cheap these days, I asked. I was told they had a high likelihood of breaking down and weren't even a serious consideration. "Has the U.S. trade representative ever come to this plant?" I asked. Well, it seems he doesn't even know about it. It is maddening that someone who had never seen or heard about this place should have the nerve to make the kind of claims he has. Maybe these claims are a matter of strategy, but they show Japan is not being taken seriously.

Even included among the five items were semiconductors for Japanese automobiles. By just looking at this list, we can understand the principle which informs the trade representative's actions. It doesn't matter how much progress has been made. The only motive seems to be to gain points by making baseless claims against Japan and stirring up public opinion. In Japan, [including items such as this] would be considered "nitpicking." But what's annoying and troublesome is that there are pundits on the Japanese side who are jumping on the bandwagon and siding with him.

During the heated debates over automobiles, it was the trade representative who claimed that automobile imports accounted for 60 percent of America's trade deficit with Japan. Listening to him, one would think that automobiles were the main culprits behind Japan's trade surplus. This figure fit nicely into the other side's strategy. But if we take the amount of exports sent from Japan to the United States in 1994—\$186 billion—and divide this into the total dollar amount of passenger cars

exported, \$23.6 million, we would come up with 20, not 60 percent. It is true that Japan has a large trade surplus with the United States. The reason, however, is that Japan has been sending more capital goods overseas to the United States. Seventy percent of Japan's exports to the United States is now in capital goods; in other words, in the materials, parts, and equipment used for production. Consumer goods like automobiles make up less than a majority of Japan's exports; even including personal computers, they make up only 23 percent.

The Ministry of International Trade and Industry put out an excellent publication on this subject entitled "Misconceptions About Japan-U.S. Trade." Unfortunately, I have never seen anything on this by Japan's mass media. Instead, what appears daily in the news is the case put forth by the United States. Those in the media probably feel that such claims will surprise their readers and make news. Japan's arguments, they feel, will not. Angered by this type of coverage, which is truly misleading, I wrote a letter of complaint to the managing editor of a prominent newspaper and very kindly received an immediate reply. Besides acknowledging my point, the editor, I was told, had brought my letter up at a meeting of department heads. I have carefully kept his letter, impressed by his openness and fair mindedness.

Unfortunately, the 60-percent view still prevails without being challenged. Successfully having pulled the wool over the Japanese, U.S. Trade Representative Kantor has proven himself to be a formidable opponent. In this article, after first acquainting the reader with the true situation behind the trade dispute, I would like to touch on the subject of semiconductors, one of the five items on trade representative Kantor's list.

Last December a Japan-U.S. semiconductor symposium was held in Tokyo, at which I gave the keynote speech. To start off, I showed a video that had been produced by NBC in 1980 and had caused quite a stir throughout the United States. At the time, American companies had fought to buy it and surprisingly, for a simply made economic piece, some 3,000 copies were sold. Titled "If Japan Can, Why Can't America?" the 90 minute program traced the origins of the decline of the U.S. manufacturing industry. Viewers are first shown a Japanese semiconductor plant. "These microprocessors were developed in the United States," says the newscaster, Lloyd Dobbins. "With their astonishing capabilities, the power that mid-sized computers once had a decade ago can now be put on the tip of our fingers. But the semiconductor chips made in the United States are six times more likely to break down than chips made in Japan. Six times!" he repeats, for emphasis.

A year before, in 1979, FORTUNE magazine ran an article baselessly accusing Japanese companies of corporate spying in the Silicon Valley. Around that time, there was a desktop calculator boom in Japan, but our manufacturers still lacked the ability to handle it.

So they set up branch offices in the United States, commissioning the development of special chips to Silicon Valley manufacturers. Naturally, engineers from Japan frequented these plants. People then began crying "espionage." If something weren't done, these unfounded suspicions might have spread throughout the United States. In 1980, therefore, as a counter offensive, the Japanese decided to sponsor a Japan-U.S. semiconductor symposium in Washington, D.C.

Though unusual for a symposium with a political objective of this sort, the theme, which I had suggested, was quality control. The Americans were in for some shocking news.

Addressing the question of the relative quality of semiconductors made in the United States and Japan, one of Hewlett Packard's division heads, [Richard?] Anderson, disclosed a host of raw data pointing to the poor quality of American-made products. This report made such a strong impact on those concerned it was called "Anderson's bombshell" and was given nationwide coverage by NBC.

The poor quality of American goods soon became general knowledge. Suddenly everyone was voicing dissatisfaction with American products, and one article after another came out on the subject. Around this time, the HARVARD REVIEW also reported data showing that American-made air conditioners were 100 times more likely to breakdown than those made in Japan—a figure emphatically defended as accurate, and not merely a misprint.

This assault on American products by other Americans left Japan's critics nonplussed. They could no longer point to Japan and cry "foul." Washington, for its part, stopped talking about semiconductors, keeping silent on the subject for over three years. After starting off last year's keynote address with the Dobbins segment, I then went into the main theme of my talk. Though things had gone well up to this point, I said, Japan subsequently acted in very poor judgment.

At the time, people in the Defense Department had realized there were a number of problems with American-made semiconductors. A special committee was thus set up to study the matter. Called before this committee, I spoke for two hours on differences between Japan's plants and those in the United States as well as various problems I had encountered as a user when meeting with

semiconductor makers in the United States. Then, while showing detailed plant data, I engaged in a discussion and a frank exchange of views about what needed to be done, including recommendations for the revitalization of U.S. semiconductor industry.

The committee released its final report in 1986. In it were several important tables. These were lists of foreign-made semiconductors which were used in American weapons. Of the 93 items listed, with the exception of one item, which was made by Britain's Plessey Company, all were made by Japanese companies. Especially shocking was the fact that of these, 72 items, compound semiconductors using a gallium arsenide-base rather than the slower silicon-base, were all Japanese-made. Without them, planes and tanks would not be able to move.

The answer, for the Americans, was to establish Sematech, a research consortium operating with federal aid to develop semiconductor manufacturing facilities in Austin, Texas. Appointed to head the consortium was Intel Vice President [Robert] Noyce. Successfully developing microprocessors, Intel later became the world's leading chip manufacturer.

Noyce worked hard for the revitalization of the semiconductor industry. Perhaps as part of that effort, I was made an honorary citizen of Austin and the state of Texas on my trip there in 1986. Noyce's sudden death [in 1990] was an unfortunate loss. As those in the field know, however, the organization which he headed, a rare joint effort by American semiconductor makers, not only became the gathering ground for engineers from various companies but was able to go on to play a role in the revitalization of the industry.

Mystery of the 20 Percent Guarantee

We can see from these stories that so far a good mutual understanding existed between Japanese and American chipmakers on the plant level. Japan and the United States were the only two prominent competitors in the world and, joining hands, had continued to work toward the future development of the semiconductor industry. European manufacturers, though of course making semiconductors, accounted for a mere 10 percent of the world share.

Despite this trend on the plant level, however, there were some in Washington, motivated to gain points rather than for any political reason, who went off in another direction. Plainly speaking, they were helped by those hoping to take advantage of the Japan-bashing that some in the media were engaged in—the latter, believing that by creating a stir they could create more news—and the situation moved in a direction entirely

at odds with the good intentions and efforts of those on the plant level. Those fanning the flame were not the big, powerful companies but semiconductor businesses that had entered the market hoping to strike oil but were not succeeding.

We can't necessarily say that Japan's response was appropriate. The Americans were stirring up the dust with dumping allegations and as a result of this kind of friction, Japan accepted the 1986 Japan-U.S. Semiconductor Agreement like someone forced to swallow a bitter pill. The agreement forced Japanese companies, on the basis of data they provided, to sell their semiconductors at "fair market value" (FMV) when sold to the United States or a third country. Selling below this price was considered dumping. This was clearly a case of regulated prices and, properly speaking, was a violation of the Antimonopoly Law.

For Americans, whatever is convenient or whatever is good for the United States is right, regardless of the consequences for others. This is something we ought to remember. Korean manufacturers, who were not tied down to the semiconductor agreement, were overjoyed. They entered the market with prices that were not only below "fair value" but also higher than market values at the time. Consequently, their products sold well and brought handsome profits. Also, since the agreement had no control over market prices within Japan, there came to develop a gray market—a black market, in other words, where goods were bought cheaply in Japan and sold at a high price in the United States. A masterpiece had been created. For thanks to pressure from the U.S. Government, a proponent of the free market, there emerged a black market and businesses making exorbitant profits. For Korean manufacturers who had been awaiting their chance, the agreement came like a tailwind. Nothing more could be asked.

Forced to pay high prices for some of these exports, U.S. equipment manufacturers were the ones who got the worst of the bargain. Japanese equipment makers were able to get their parts more cheaply because they were getting them domestic suppliers. U.S. makers, however, were in the intolerable situation of having to swallow whole the impact of higher import prices. Also affected were European equipment makers. But since they had a relatively small market for chips, their complaints were ignored.

Here, however, an incident occurred involving a certain Japanese manufacturer. "O" Company, the Japanese manufacturer, received an order from Hong Kong for semiconductors and carelessly submitted an estimate with prices below the company's authorized "fair value." The following day, this was disclosed at a meet-

ing in Washington. With everything falling so neatly into place, it doesn't take us long to realize that "O" Company had fallen into a trap. On the basis of this incident, the United States went so far as to threaten retaliatory action. Japan's mass media merely reported the American side of the case. Almost no one pursued or openly voiced doubts about the incident.

This lack of journalistic aggressiveness by Japan's mass media in matters concerning the U.S.-Japan relationship closely resembles the incident involving Toshiba Corp. and the Coordinating Committee for Multilateral Export Control, or COCOM. One year after the incident, *NEWSWEEK* magazine reported that the Soviet Union was able to reduce the sound made by its submarine propellers because of technology supplied by a French trading company; it was after this that the Soviet Union purchased the Toshiba equipment. Toshiba had exercised poor judgment in making the sale but was wrongly blamed for providing the technology to silence Soviet submarines, according to the *NEWSWEEK* article. Before the sale occurred, an article had appeared in *DEFENSE ELECTRONICS*, saying the U.S. Navy had become alarmed that the Soviets were able to reduce the sound coming from their submarine propellers. Afterwards, I found a copy of this article at a government library and was able to read it for myself.

What emerged after a series of such unpleasant incidents was talk about a provision in the 1991 semiconductor agreement guaranteeing foreign chipmakers a 20 percent share of the Japanese market, a point of controversy even today. Surprisingly, no public document has been released about a matter that has caused so much trouble. About all we have seen are "copies" that have appeared in the mass media periodically by way of an unofficial route. Asked by a television station, I tried to obtain a copy, requesting help from acquaintances in Washington, but at the eleventh hour, these attempts failed.

When we try to learn the particulars, it appears that here, too, we were taken in by the other side. The official in charge from our side met with the U.S. representative, carrying on a discussion while taking breakfast with him. Later, when this discussion was typed up and shown to him, he carelessly agreed that, yes, this was the sort of thing they had talked about. This [typed copy] is then said to have become a side letter. It's not possible to draw any definite conclusions at this point since this is all hearsay. The story, however, should be a lesson for us in official discussions with a foreign government.

Starting All Over With a Clean Slate

Before this, telecommunications was also a matter of contention between Japan and the United States. The

flame was ignited by the official from Japan who was in charge of negotiations. He was proficient in languages and was especially confident of his English. Even though the embassy in Washington had gone to the trouble of finding an interpreter for him, he decided to exchange blows with his sparring partner in his own self-styled English. But the English used for diplomatic exchanges carries its own special nuances. Unless one's words are carefully chosen, especially when it comes to an agreement between two countries, serious problems may develop. In the end, after heated debates, the Japanese official returned to Japan and later, in a personnel shakeup, was demoted. This settled matters at home, but did not change the fact that the terms of the agreement with the United States would remain to Japan's disadvantage. It was a terrible mistake brought on by over self-confidence.

I believe something similar happened in the case of the Japan-U.S. semiconductor agreement. No matter how proficiently one speaks English, it is still the English spoken by a nonnative who was born in Japan. English is a dangerous proposition for anyone but an expert. I have attended conferences to determine international standards. When the committee members from the various countries come up with their final proposal in English and present it to the full conference, usually it is the English representative there who complains. We don't say it this way in English, he declares. It is no use arguing with him. If a native speaker says something isn't expressed in English the way we've expressed it, then we're helpless to do anything about it. Once a representative from northern Europe got angry. If that's the case, why not have it all written by an Englishman, he said. This shows how difficult language can be.

Last year, when I went to Taiwan and was having dinner with an old acquaintance who was the head of a zaibatsu company there, he made a very important point. According to this friend, his company had recently been building a lot of factories on mainland China. A hotel was also in the process of being built. Each time, the company had its contracts written in English, he said. To a Japanese, it may seem that they use the same script as the Chinese. "But *kanji*, Chinese characters, have a 4,000-year long history. Typically," he says, "there can be various interpretations as to the meaning of a single character. In English, on the other hand, perhaps because it has a long tradition going back to Roman law, you won't find people returning to a word and struggling over its interpretation. Also, China doesn't have the same tradition of being governed by a constitution but, rather, by individuals."

Even assuming that an agreement had been reached about a 20 percent foreign chip market share, as the

Americans claim, this figure itself is full of self-contradictions and far removed from the realities of technology. This 20 percent figure was reached three years ago. It would be hard to attribute this fact, however, to the efforts of Japanese manufacturers to open Japan's markets to buy more foreign-based semiconductors. Rather, it is due to a change in Japan's semiconductor demand structure. Demand has shifted from semiconductors for electronic appliances, which had been at the core of this structure, to semiconductors for industrial use and personal computers, products that the United States is strong in. The Americans say they will monitor market access in Japan using this figure. In getting dressed, let's say we put the first button on our shirt in the wrong button hole and then continue making the same mistake with the remaining buttons. We have a classic example, here, of what happens when you start off with the wrong premise.

We have no way of knowing how this figure will change when new products for the rapidly changing multimedia field start emerging and market demand changes. Japanese manufacturers have finished developing applications for the digital video disks (DVD's) that will be out this year and intend to start mass producing them. If this market grows, the foreign-based semiconductor market share is certain to shrink. The MPEG2 (Motion Picture Experts Group)-format, which is expected to be the industry standard for video and digital television image processing, has primarily been the work of Japanese manufacturers. Japanese makers have thus been putting extraordinary effort into this field. Wagering their futures on the development of special semiconductors, they will begin mass producing them this year. If the foreign-based semiconductor market share shrinks as a result, it will be quite interesting to see whether or

not the U.S. trade representative says that Japan's market has again become less accessible.

Progress essentially means change. I would like the U.S. trade representative to undo those buttons and start all over from the beginning, with his eyes to the future. The United States now has a larger trade imbalance with China than with Japan. We are carefully watching how the U.S. trade representative will respond to this. Relations with India are certain to become a problem in the near future. In a field where the only tools needed are a desk and terminal, India has become the second largest computer software producer after the United States. We are now in an age where software goods can be bought or sold from anywhere in the world as long as one has access to a communications line. Clearly, the structure of world trade is rapidly changing. In this new age, the very idea that we can measure market access and "openness" using market share is outdated. If we don't return to the drawing board and establish new rules, a century from now we will still be regretting our mistake. We cannot spare any effort to work together and cooperate. The decision to start over—to get dressed right this time—depends in part on the intentions of U.S. trade representatives.

Last year, the U.S. economy made up 27 percent of the world economy. Japan's was 16 percent. So, combined, our two countries make up an awesome 43 percent of the global economy. Even though the Cold War has ended, the world is still faced by a number of problems. If our two countries join hands and work together to try to resolve these problems, ours should be a very bright outlook for the 21st century. Shouldn't we realize that we now hold the deciding hand in whether our two powerful economies will live or die?

Changes in Japan's Semiconductor Demand Structure (1991-1994)

	Public Welfare-Related Equipment	Automobiles	Computers	Industrial Equipment	Communications Equipment
1994	34.6	5.1	37.1	12.2	10.9
1991	42.5	4.3	31.9	9.7	11.4

Source: Electronic Industries Association of Japan

**Japan: Hashimoto Welcomes U.S. Decision on
China MFN Status**

OW2105010596 Tokyo KYODO in English
0056 GMT 21 May 96

[FBIS Transcribed Text] Tokyo, May 21 KYODO — Prime Minister Ryutaro Hashimoto on Tuesday [21 May] welcomed U.S. President Bill Clinton's announcement that he will renew China's Most-Favored-Nation (MFN) trade status for another year.

"It was very good in terms of not isolating China," Hashimoto told reporters in the Diet building.

**Japan: Singapore's Lee Urges Tokyo To Assume
Economic Leadership**

OW2005124896 Tokyo KYODO in English
1233 GMT 20 May 96

[FBIS Transcribed Text] Tokyo, May 20 KYODO — Japan should take a leadership role for economic growth in the Asian region, while relying on the United States for maintaining peace and stability in the area, Lee Kuan Yew, former prime minister of Singapore, said Monday [20 May].

"It is far more advantageous and more likely to pay results that Japan leaves the military side to the U.S. And takes a leading part in the economic side," Lee said during talks with former Japanese Prime Minister Yasuhiro Nakasone via a satellite video communications link.

Noting the whole region is now concentrating on development by alluring foreign investment through deregulation, Lee said, "The Japanese can play a bigger role than the Americans because Japanese resources are greater."

Nakasone, meanwhile, said political stability is an important concept in post-Cold War defense theory, arguing Japan should make contributions to multilateral political stability in the region.

Japan, for instance, should make it a "diplomatic goal" to develop the ASEAN Regional Forum (ARF), a framework of security talks under the Association of Southeast Asian Nations (ASEAN), into a more solid political organization, he said.

On the Japan-U.S. mutual security treaty, Nakasone stressed that the significance of the pact goes beyond the protection of Japan, saying Japan is "using U.S. forces" to help prevent regional conflicts in exchange for providing bases and various benefits.

Nakasone also noted the Asia-Pacific Economic Cooperation (APEC) forum should serve as a basis for regional economic development.

Lee and Nakasone discussed the regional situation via a satellite link as part of the first general meeting of the Asian economic experts conference, a group of Japanese companies promoting communications with business circles in the rest of Asia.

They exchanged views on two major destabilizing factors in the region, China and North Korea.

Nakasone expressed optimism about China, which is of great concern to the region, amid health problems of supreme leader Deng Xiaoping, saying China is "unlikely to take a venture which could bring about a huge tragedy in international relationships."

He said Beijing will likely maintain a collective leadership under president Jiang Zemin and continue to seek peace in the region to develop its economy.

Nakasone also stressed that the region should engage China in multilateral partnerships such as APEC and the ASEAN Regional Forum to prevent it from becoming isolated.

Meanwhile, Lee noted "the renewed U.S. commitment" to security in northeast Asia which came as China conducted a series of military exercises off Taiwan before presidential elections in March in a move viewed as aimed at checking moves toward independence.

While generally welcoming the renewed U.S. security interest in the region, Lee criticized the United States for moving toward forming a coalition against a potential threat from China, saying it is "too premature a position to take."

Lee echoed Nakasone's idea of engaging China and making it a part of the modern world.

Multilateral frameworks such as APEC, the World Trade Organization and the Asia-Europe meeting "get her (China) to understand that there is so much that we can do with each other to improve the lives of the Chinese people," Lee said.

If the region starts by criticizing Beijing about human rights, democracy and other issues, "then, we are going to have an enemy in China," he said.

**Japan: EPA Official Comments on OECD Report
on Japan**

OW2005154996 Tokyo KYODO in English
1533 GMT 20 May 96

[FBIS Transcribed Text] Tokyo, May 20 KYODO — The upward revision by the Organization for Economic Cooperation and Development (OECD) in its projection for Japan's growth rate in gross domestic product (GDP) for 1996 may stem from evaluating possible early

effects of public works spending, an Economic Planning Agency (EPA) official said Monday [20 May].

The OECD said the same day that Japan's inflation-adjusted GDP in 1996 is expected to grow by 2.2 percent, up 0.2 percentage point over a previous estimate in December.

The OECD, however, revised downward its projection for 1997 to 2.4 percent from the earlier projected 2.7 percent.

The EPA official said the projection change for 1997 was in reaction to the upward revision for the previous year.

As for an estimated 0.3 percent drop in Japan's inflation rate for 1996, compared with 0.4 percent in the earlier estimate, the official said the revision looks somewhat unreasonable in view of the rising capacity utilization ratio in Japan due to economic recovery.

Japan: Falling Trade Surplus Said To Evidence Changing Economy

962A001A Tokyo KINYU ZAISEI JIJO in Japanese
04 May 96 p 28

[Article by Isao Kubota, director of the Customs and Tariff Bureau, Ministry of Finance: "Reduction in Trade Surplus Has Taken Hold; Change in Japan's Economic Structure Progresses"]

[FBIS Translated Text] Change is progressing at a remarkable pace in Japan's economic structure. The author of this article considers this problem principally from the perspective of trends in Japan's trade balance based on recently released trade statistics for 1995. The recent decline in Japan's trade surplus is still viewed by

many foreigners as a temporary phenomenon. As the author argues in this article, this trend appears to be in its third straight year and, when viewed in light of macroeconomic and regional data as well as changes in Japan's trade structure, it does not appear to be merely a temporary phenomenon. Rather, the author argues, this trend ought to be seen as having taken structural hold. If this is the case, then it warrants our attention when we consider the international economy, including exchange rates among the world's leading nations, and it should be seen as a reflection of rapidly progressing changes in Japan's domestic industrial structure. If a shrinking trade surplus is here to stay, then perhaps this fact will also suggest to us a difficult employment situation despite an improving economy (last December's unemployment rate was still at a record high 3.4 percent) and superstable prices (last year's consumer prices grew at a rate of -0.1 percent) along with significant changes in Japan's economic structure as a whole.

Three Year Decline in Trade Surplus

According to trade figures released by the Customs and Tariff Bureau of the Ministry of Finance, in 1995, custom-clearance based exports in Japan amounted to 41.5 trillion yen while imports amounted to 31.5 trillion yen. The difference (hereafter referred to as "trade surplus") amounted to 10 trillion yen, a 19.5 percent drop over 1994.

As shown in the year on year comparisons in Table 1, Japan's trade surplus fell by 0.8 percent in 1993 and again by 7.3 in 1994, thus posting a decline for three consecutive years; moreover, the surplus has been contracting at a higher rate every year.

Table 1. Changes in Japan's Trade Volume (Units: 1 billion yen; percent)

Year	Total Exports (A)	Total Imports (B)	Balance (A - B)	Year on Year Growth Rate
1986	35.2897	21.5507	13.7390	26.4
1987	33.3152	21.7369	11.5783	-15.7
1988	33.9392	24.0063	9.9329	-14.2
1989	37.8225	28.9786	8.8440	-11.0
1990	41.4569	33.8552	7.6017	-14.0
1991	42.3999	31.9002	10.4997	37.6
1992	43.0123	29.5274	13.4849	28.9
1993	40.2024	26.8264	13.3761	-0.8

Year	Total Exports (A)	Total Imports (B)	Balance (A - B)	Year on Year Growth Rate
1994	40.4976	28.1043	12.3932	-7.3
1995	41.5309	31.5488	9.9821	-19.5

At the time these statistics were released, Japan's media, seeing the dollar figures, reported that the trade surplus had shrunk in 1995 for the first time in five years. A certain U.S. magazine also argued that this was a one-time only phenomenon that would be brief and the situation would soon revert to the old, familiar pattern of an expanding trade surplus. The accuracy of this assessment is doubtful. Economic data, whether in the form of trade statistics or otherwise, should be based on the currency of the country in question. Moreover, arguments from current dollar-based figures may lead to a mistaken analysis of a country's true economic situation.

U.S. Has Smaller Share of Japan's Trade

If we look at the regional breakdown in Table 2, we will see that Japan's surplus with its major trading partners—

Asia, the United States, and the European Union [EU]—has been shrinking on a year-by-year basis or growing at a slower rate for the past five years (the only the exception was in 1992 in the case of the United States). (Trade with these groups amounts to 80 percent of the world's trade.) Japan's trade surplus with Asia, its largest trading partner, has been growing at a slower rate since 1991 when it grew by 32.7 percent. This has dropped in succeeding years to 23.2 percent, 12.8 percent, 6.1 percent and, in 1995, to 4.7 percent. In its trade with the EU, Japan's surplus has been shrinking since 1993. In its trade with the United States, its surplus has been growing at an increasingly slower rate since 1992, showing nearly no growth at all in 1994; in 1995, partly due to changes in auto imports and exports, it shrank 24.1 percent over the previous year.

Table 2. Trade Trends by Region

(1) Changes in Trade With Asia (Units: 1 billion yen, percent)

	Exports (A)	Imports (B)	Balance (A - B)	Year on Year Growth Rate
1991	14.1128	9.8394	4.2734	32.7
1992	14.6950	9.4304	5.2646	23.2
1993	14.9568	9.0165	5.9403	12.8
1994	16.0545	9.7510	6.3035	6.1
1995	17.9572	11.3606	6.5966	4.7

(2) Changes in Trade With U.S.

	Exports (A)	Imports (B)	Balance (A - B)	Year on Year Growth Rate
1991	12.3238	7.1905	5.1333	-6.2
1992	12.1209	6.6220	5.4989	7.1
1993	11.7352	6.1626	5.5725	1.3
1994	12.0358	6.4244	5.6114	0.7
1995	11.3330	7.0764	4.2565	-24.1

(3) Changes in Trade with EU (Units: billion yen, percent)

	Exports (A)	Imports (B)	Balance (A - B)	Year on Year Growth Rate
1991	7.9692	4.2835	3.6856	38.4
1992	7.9232	3.9643	3.9589	7.4
1993	6.3152	3.3601	2.9590	-25.3
1994	5.8904	3.6238	2.2666	-23.4
1995	6.6001	4.5797	2.0204	-12.6

There are several points to note. One is that Japan's trade surplus with Asia—a region that now accounts for 40.1 percent of Japan's total trade—is growing at a slower rate although it still continues to grow. Future trends in Japan's trade with Asia as well as the economic relationships serving as a backdrop to this trade will need to be carefully studied.

Noteworthy also is the fact that trade with the United States now accounts for only 25.2 percent of Japan's total trade, down from 32.2 percent in 1986 (in 1986 trade with the United States was 1.6 times what it was with the EU and 0.6 times what it was with Asia); imports from the United States, on the other hand, are on the rise.

Noticeable Growth in Auto, Semiconductor Exports, Imports

Also conspicuous is the change that is occurring in the products that are being traded. As can be seen in

Table 3, Japan's biggest export item in 1995 continued to be automobiles. Cars accounted for 12 percent of all exports. In recent years, that figure, however, has dropped, down from 17.8 percent in 1990 and 19.6 percent in 1987. Cars, as a percentage of all imports, on the other hand, have increased to 3.0 percent, up from 1.4 percent in 1987. This rise is thought to be a reflection of an increase in reimports, the result of more local production by the Japanese auto industry, and to an increase in imported cars from Europe and the United States.

Table 3. Changes in Principal Items of Trade

(a) Exports (Units: 1 trillion yen, percent)				
	Percent of Total			
	1995	1995	1990	1987
Automobiles	4.98	12.0	17.8	19.6
Electronic parts (semiconductors, etc.)	3.83	9.2	4.7	3.6
Office equipment	2.89	7.0	7.2	6.3
Automobile parts	1.78	4.3	3.8	4.7
Optical equipment	1.74	4.2	4.0	4.1
Iron and steel	1.64	4.0	4.4	5.5
Others	24.67	59.3	58.1	56.2
Total	41.53	100.0	100.0	100.0

(a) Exports (Units: 1 trillion yen, percent)

(b) Imports

	1995	Percent of Total		
		1995	1990	1987
Crude oil	2.82	8.9	13.2	13.9
Textile products	2.31	7.3	5.5	5.1
Fish and shellfish	1.63	5.2	4.5	5.3
Office equipment	1.48	4.7	2.2	1.5
Electronic parts (semiconductors, etc.)	1.15	3.6	1.4	1.0
Nonferrous metals	1.02	3.2	4.2	3.8
Automobiles	0.96	3.0	2.7	1.4
Others	20.18	64.1	66.3	68.0
Total	31.55	100.0	100.0	100.0

Japan's second principal export is semiconductors and electronic parts. Such items have been increasing sharply, from 3.6 percent of all exports in 1987 to 9.2 percent in 1995. Interestingly, the percentage of semiconductor and electronic parts imported by Japan also increased sharply during this period, up from 1.0 percent in 1987 to 3.6 percent in 1995. Of the items in this category, 61 percent were exported to Asia, 25 percent to the United States and 11 percent to the EU. Again, in this category, 51 percent of the products were imported from Asia, 45 percent from the United States and 3.5 percent from the EU.

The [yen]-value of these items grew in 1995 over the previous year, with the rate of growth especially higher in trade with the United States and with Asia.

These figures indicate that mutual dependence and specialization among the electronics and chip industries in Japan and these countries are rapidly progressing.

There has been a noticeable drop in the amount of crude oil Japan imports. Accounting for 13.9 percent of all its imports in 1987, crude oil dropped to 8.9 percent in 1995. Imports in this category have also been dropping in terms of absolute value. Mineral fuels, including liquefied natural gas, coal and petroleum products, which accounted for around 40 percent of the value of all Japan's imports at the time of the second oil shock only accounted for 16 percent of Japan's imports in 1995.

Three Factors Bringing About Change

It is possible on the basis of macroeconomic analysis to forecast future trends in Japan's trade surplus.

Changes in the value of exports or imports can usually be explained from a macroeconomic perspective in terms of three principle factors: 1) price changes, including changes in the exchange rate, 2) aggregate domestic and foreign demand (economic) trends, and 3) changes in economic structure.

It is a matter of course that when there is a drop in the price of a product, that country will show a sharp growth in its exports and a slowdown in the growth of its imports. If its economy is doing well, imports will tend to increase while exports will tend to be sluggish. The opposite will be true when the economies of its trading partners are growing at a high level. Accordingly, the tendency or trend is for a country's trade surplus to contract when its currency appreciates in value and the price of its products relative to other currencies goes up; when the domestic economy is doing poorly while foreign economies are doing well, its trade surplus tends to expand.

Although it is possible, using an econometric approach, to simulate the relationships among past surplus trends and these three factors and on the basis of this data to forecast future trends, it seems we can also forecast these trends without the benefit of such a detailed approach.

First, taking a look at exchange rates on a year-by-year basis, we can say that, in terms of trends, the yen has appreciated in value every year except for 1989 and 1990. During this period, the only year on year increases in the surplus occurred in 1991 and 1992. Even if we were to explain these changes in the trade surplus solely in terms of the exchange rate (an essentially unreasonable proposition) and argue that these increases in the surplus in 1991 and 1992 were due to the yen's depreciation two years before [i.e., in 1989 and 1990, respectively], [our data] would still suggest that the surplus will not reverse its current course for awhile, but will continue its decline until 1997.

Economic factors also seem to suggest that Japan's surplus will continue to shrink. For example, if we look at what has been happening since 1991, we will see, as shown in Table 4, that Japan's economy has been stagnant, and continues to be so, ever since reaching a 4.0 percent growth rate in 1991.

Although there are concerns that the U.S. economy may be headed for a slowdown of sorts, if we look at the period under consideration, we will see an economy that has been steadily expanding since 1992. On the whole, Asia's main economies during this period also continued to see a high level of growth, seemingly indifferent to business cycles, and even now are continuing in that

direction. Europe's economies also showed considerable growth in 1994. Although signs of a slowdown have been visible since 1995, they continue to show a higher growth level than Japan.

In other words, the decline in Japan's trade surplus in recent years has taken place under the kind of circumstances which would formerly have made it easy for its surplus to expand; namely, it had a sluggish economy while those of its principal trading partners were expanding.

If our economy improves and the economic growth rate of our main trading partners slows down, then these factors will work to further shrink Japan's surplus.

In terms of economic factors, then, the essential elements are present to accelerate the contraction of Japan's trade surplus; the elements to expand the surplus are not.

We can view this development, which differs from what we might have come to expect in the past, as stemming from the fact that changes to Japan's economic structure have progressed at a remarkable pace. Neither the specifics nor the reasons behind these changes, however, will be dealt with here.

Table 4. Economic Growth Rate (Year on Year Growth Rate of Real GDP) (Unit: percent)

Year (Quarter)	Japan	United States	Germany	Korea	Taiwan	Hong Kong	Singapore	China
1991	4.0	-1.0	—	9.1	7.6	5.1	6.7	8.0
1992	1.1	2.7	2.2	5.1	6.8	6.3	6.0	13.6
1993	0.1	2.2	-1.2	5.8	6.3	6.4	10.1	13.4
1994	0.5	3.5	2.9	8.4	6.5	5.4	10.1	11.8
1995 (I)	0.1	3.0	2.7	9.9	7.0	5.9	7.3	
1995 (II)	0.5	1.9	2.5	9.7	6.5	4.8	8.4	
1995 (III)	-0.2	1.9	1.9	9.9	6.0		9.0	

Reconsidering International, Domestic Common Sense

If correct, the above analysis has broad implications.

The first concerns the international economy. Until now, various arguments have been developed based on the explicit or implied assumption that Japan's trade surplus will continually expand. One example is the assertion that Japan should try to correct its trade imbalance by expanding domestic demand. This is also the assumption behind anxieties about the once soaring value of the yen and the vague uneasiness and fear among those in other countries concerning Japan's economic power.

The above analysis in effect seems to say that these "commonsense" views and assumptions should be reconsidered.

Secondly, if we understand that Japan's declining trade surplus is a reflection of changes in economic structure, then there are other basic changes which are occurring that should also be examined from a long-term perspective.

For example, the extraordinarily wide forward margins found in yen-dollar exchange contracts just before Japan's domestic short-term money market moved toward deregulation gave us an insight, which might not otherwise have been that apparent, into the austere state of domestic funds. In the same way, Japan's foreign trade may sometimes give us an even clearer perspective on the domestic situation.

If this is so, then we should examine the long-term decline in the trade surplus in conjunction with their structural changes.

(The views expressed here are the personal views of the author)

Japan: Banking, Securities Regulators Seek Closer Cooperation

OW2005234896 Tokyo KYODO in English
2311 GMT 20 May 96

[FBIS Transcribed Text] Tokyo, May 21 KYODO — Two global organizations responsible for banking and securities regulations have called for closer cooperation to supervise diversified financial services, the Finance Ministry said Tuesday [21 May].

The basel committee on banking supervision and the International Organization of Securities Commissions (IOSCO) issued a joint communique, stressing the need for themselves to "develop satisfactory arrangements for oversight of diversified financial groups," ministry officials said.

Diversified financial groups offer a wide range of financial services, including banking and securities businesses, on a global basis.

The statement urges the two organizations to promote access to information needed to make "meaningful assessments of the risks to the relevant entities within the group and those entities taken together," the ministry officials said.

It also calls for establishing "communication lines that will maintain and enhance regulators' abilities to react to market developments in a timely and effective manner," they said.

The communique says the initiative will support the work being promoted by the joint forum of the basel committee, IOSCO and the International Association of Insurance Supervisors (IAIS) to monitor internationally active financial conglomerates, the officials said.

The communique was submitted to the finance ministers of the Group of Seven (G-7) economic powers ahead of their summit meeting in Lyons in late June, the ministry officials said.

At the Lyons summit, top leaders from the G-7 countries are expected to endorse the initiative presented by the basel committee and IOSCO to cope with new trends in global financial trading, they said.

The two organizations have been already joining forces to supervise rapidly growing transactions in derivative products, such as currency and interest rate swaps.

Japan: Kubo Says Sales Tax Rate Final by 19 Jun
OW2105033696 Tokyo KYODO in English
0241 GMT 21 May 96

[FBIS Transcribed Text] Tokyo, May 21 KYODO — The government must decide by the end of the current parliamentary session June 19 whether to raise the consumption tax rate from the current 3 percent to 5 percent as planned, Finance Minister Wataru Kubo said Tuesday [21 May].

The government decided to raise the tax rate to 5 percent, effective April 1997, when it offered income tax cuts in the tax reform package which won parliamentary approval in November 1994. However, before Sept. 30 it can change the target rate, if necessary.

Speaking at a news conference, Kubo indicated that the government will not have to raise the rate above 5 percent for the time being, saying he does not "take the position of assuming that an increase in the consumption tax rate is a precondition for fiscal reform."

Kubo said the government will continue to examine the role of consumption tax as a source of revenue for state coffers.

Meanwhile, Kubo said it is impossible to make any radical change to the government scheme for liquidating failed mortgage lenders without renegotiation with the parties concerned, adding he hopes the Diet will accept the scheme in its original form.

Parliament will start deliberations Tuesday on a bill to liquidate the housing lenders and on a set of separate bills concerning the disposal of other financial institutions.

The government scheme has stirred intense public anger because it calls for the mortgage firms to be liquidated with the help of 685 billion of some 12 trillion yen to be raised through the planned issuance of deficit-covering bonds in fiscal 1996.

Kubo stressed that the scheme does not immediately ask the public to pay the 685 billion yen, saying the government will consider ways to "minimize the burden on taxpayers and protect their interests" before it faces the maturity of the deficit bonds.

Japan: Kajiyama Suggests Tax Consideration for Okinawa

*OW1805064996 Naha RYUKYU SHIMPO
in Japanese 17 May 96 Morning Edition p 1*

[FBIS Translated Text] Chief Cabinet Secretary Seiroku Kajiyama attended a meeting of the "Mumei-Kai" (a group of no particular distinction) composed of veteran Diet members of the Liberal Democratic Party (LDP) held at a Tokyo restaurant on the morning of 16 May. Touching on measures dealing with Okinawan issues related mainly to U.S. military bases, Kajiyama stated: "During the Pacific War, Okinawa was forced to make enormous sacrifices, and once again, the troops of the other side are now stationed there. Politicians should think about some policies that show consideration for Okinawa. For example, an increase in the consumption tax rate should be postponed there." In this way, he requested that the party study drastic measures to address the issue.

In addition to the postponement of an increase in the consumption tax rate, Kajiyama also cited a concentrated allocation of tax, which is allocated to local governments, on Okinawa as another example of a policy to show consideration for Okinawa.

Touching on his earlier remarks at a news conference held on the evening of 16 May, Kajiyama merely stated: "The fact is that I made these remarks to emphasize

that we should try to understand the pains suffered by Okinawa. I am responsible for what I have said."

Japan: SDP Rejects Coalition Compromise on Holding Company Ban

*OW2105064896 Tokyo KYODO in English
0512 GMT 21 May 96*

[FBIS Transcribed Text] Tokyo, May 21 KYODO — The Social Democratic Party (SDP) will reject a compromise proposal presented by its coalition partners to break the impasse over the proposed repeal of the present ban on holding companies, party officials said Tuesday [21 May].

The decision made it harder for the coalition to submit a bill on lifting of the ban during the current parliamentary session through June 19, coalition sources said.

The coalition, comprising the Liberal Democratic Party (LDP), the SDP and New Party Sakigake, had vowed to revise the antimonopoly law and lift the 49-year-old ban on holding companies under a tripartite accord they struck when forming the cabinet of Prime Minister Ryutaro Hashimo in January.

However, the momentum toward lifting the ban has been halted by rivalry between the LDP and the SDP over possible labor problems arising from holding companies. The LDP and the SDP represent the interests of business leaders and labor unions, respectively.

The Japanese trade union confederation (Rengo), the country's largest trade organization, argues for revising labor laws to allow unionists at subsidiaries to negotiate directly with management of the holding companies. Rengo, which supports the SDP, fears holding companies could work to aggravate labor conditions at subsidiaries.

But the Japan federation of employers associations (Nikkeiren) contended no such revision is necessary, saying labor problems and the holding company ban are two different issues.

To break the deadlock, the LDP and Sakigake offered the SDP a compromise package under which they proposed adding a clause to the antimonopoly law urging holding companies to take employment stability into consideration.

The SDP task force on holding companies and the party's division on labor issues convened a joint meeting Tuesday to discuss the proposal, but they only confirmed that revising labor laws is indispensable for lifting the ban, the officials said.

Japan: MOF Opens Internet Home Page, Explains 'Jusen' Issue

OW1705155696 Tokyo KYODO in English
1501 GMT 17 May 96

[FBIS Transcribed Text] Tokyo, May 17 KYODO — The Finance Ministry [MOF] opened a home page on the internet on Friday [17 May] and immediately used it to seek public understanding of a controversial government scheme to use tax money to help wind up seven ailing mortgage companies known as "jusen."

The home page explains why it is crucial to use taxpayers' money to help liquidate the bad loan-swamped housing loan companies as well as the need to straighten up the nation's deficit-ridden national finances.

The plan to use 685 billion yen to help liquidate the seven companies drew public flak and the drafting of a set of four bills whose legislation was made a prerequisite to disbursing the money.

The ruling-opposition compromise is still on the parliamentary floor.

But a ministry official said, "We did not open the home page with just the jusen issue in mind."

Japan: Article Forecasts MSDF Air Arm in 2010

OW1905123096 Tokyo GUNJI KENKYU in Japanese
Apr 96 pp 108-25

[Article by aviation journalist Isao Miyamoto. Article part of special feature titled "Asian Military Front Line" originally titled Maritime Self-Defense Force Aviation in 2010: "Escape from ASW Alone"]

[FBIS Translated Text] Since its establishment, the Maritime Self-Defense Force [MSDF] has deployed its forces with an exclusive emphasis on antisubmarine warfare [ASW]. This trend has been particularly strong in MSDF air units. However, the rapid weakening of the submarine units of the former Soviet Union after the Cold War's end as well as the review of the National Defense Program Outline [NDPO] are going to change drastically the MSDF's air units. In this article, the author will analyze the current situation and draw up a near-future perspective of marine aviation featuring the MPA (Maritime Patrol Aircraft).

Fainting Perspective 10 years in Future

On 14 December 1995, the government decided the Mid-Term Defense Program [MTDP] for FY1996 through FY2000 by through the Security Council and a subsequent cabinet meeting. This is the first MTDP elaborated under the new NDPO, which had been modified after a 19-year interval to indicate the

thinking about Japan's defense arrangements following the Cold War.

The establishment of the new NDPO and MTDP has shown a perspective for the Japanese defense forces for the present and near future. The decision of the defense program for the coming 5 years means that an outline of Self-Defense Forces [SDF] equipment for about a decade can be drawn up including some details. Now, what kind of outline is it?

In this series of articles, the author will classify SDF aviation at the beginning of the 21st century in three articles concerning the Ground Self-Defense Force [GSDF], MSDF, and Air Self-Defense Force [ASDF], presenting individual outlines for each. The present article is the first of this series and deals with MSDF maritime aviation capabilities.

Present Situation of Marine Aviation

Maritime Aviation Exclusively Focused on ASW

Since its establishment in July 1954, the MSDF has focused almost exclusively antisubmarine warfare. This trend has been particularly strong in its air units, representative of which are the Fleet Air Forces. Let us verify this through concrete figures.

As of 1 December 1995, the MSDF possessed a total of 208 aircraft for operations. These consist of 97 P-3C antisubmarine patrol aircraft, 61 SS-2B antisubmarine helicopters, 40 SH-60J shipborne antisubmarine helicopters, and 10 MH-53E mine countermeasures helicopters. The fact that 95 percent of the operation aircraft are "antisubmarine aircraft" shows the peculiarity of the MSDF, rather than a special feature.

Now, how were these air units exclusively dedicated to antisubmarine warfare built up? Let us roughly trace the process to the establishment of the 100-plane arrangement of P-3Cs, which is the representative model of Japan's current marine aviation.

The introduction of the P-3C was decided in 1977. At the National Defense Council meeting on 28 December 1977, it was decided "to acquire 45 P-3Cs through domestic production (and partial imports) from FY1978." This decision was approved at a cabinet meeting on the next day. This was the start of the P-3C acquisition program.

Later, the first modification to the number to be acquired, from 45 to 75, was made in 1982. The number acquired reached 100 when 25 more planes were added in 1985. Furthermore, in December 1990, during the

drafting of the current MTD (FY1991-95), it was decided to set the final number to 104 by adding 4 more planes.

This figure may not be so remarkable, considering that the MSDF had a total of 106 antisubmarine planes, including the domestic P-2J (83 planes) and PS-1 antisubmarine flying boats (23 planes). However, there was no precedence in the world for obsolete equipment to be updated at a ratio of 1:1 with the latest plane, in this case the P-3C.

One of the circumstances behind this was Japan's economic power. Another was the assumption of and inevitable worry about the threat of the Soviet navy's nuclear submarines. In addition, there was also the public promise to the United States concerning the "1,000 nautical mile sea lane defense."

The author covered the aim of the 100 P-3C fleet arrangement about 10 years ago. While I was researching this article, people explained the purposes of the 100 P-3C arrangement as outlined below:

1) 20 planes for patrols in CZ (Convergence Zone) sea areas with a wide detection zone; 2) 60 planes for the sustained radar broad-area patrol in non-CZ sea areas, and; 3) 20 planes for antisubmarine warfare aiming at the protection of ships.

CZ refers here to the phenomenon in which sound in the water is propagated long distances by repeating sine-wave reflections between the sea bottom and sea surface under certain conditions. Sea areas where this phenomenon occurs are called "CZ areas." In these areas acoustic sensors (sonobuoys) have wide detection zones, making efficient antisubmarine warfare possible.

However, the CZ phenomenon can appear only when certain conditions are met, including a depth of more than 5000 meters and gentle sea-bottom topography. In the sea near Japan, the areas more than 100 nautical miles off the Sanriku and Shikoku coasts are regarded to be CZ areas. It is said that CZ does not occur in the Sea of Japan, which is too shallow.

In the sea areas near the coasts and Sea of Japan where CZ is not observed, it is more effective to limit the operations of submarines by the broad-area patrol using radar rather than to rely on sonobuoys. The decisive factor for this is the number of antisubmarine patrol aircraft, and MSDF calculated the required force as 60 planes (as mentioned above).

Another mission of the P-3C is to take part in "convoy escorts" along sea lanes. The force required for this was calculated to be 20 planes.

The deployment of the P-3C, which started in FY1978, in actual units began with the 6th Air Patrol Squadron, Fleet Air Wing 4 (Atsugi Air Station, Kanagawa), which was newly organized at the end of March 1983. After this, P-2J units were updated sequentially, the 8th and 9th Air Patrol Squadrons were newly organized to form 9 VP squadrons, and the 51st Air Patrol Squadron and 206th Air Training Squadron (under Air Training Command) which were at half scale were combined to establish a ten P-3C squadron system.

Shipborne Helicopters at Time of SH-60J

Together with the VP squadrons equipped with large fixed-wing antisubmarine patrol aircraft, another core of marine aviation is the antisubmarine helicopter squadrons (HS squadrons). There are a total of eight squadrons deployed as the front line force as antisubmarine helicopter squadrons. Among these, five are controlled by the Fleet Air Force and the other three, the Districts.

Among the five antisubmarine helicopter squadrons under the Fleet Air Force, four squadrons other than the Air Squadron 101 (Tateyama Air Station, Chiba) are shipborne units. The mission of these shipborne squadrons is to support destroyers, and they have been enhanced in step with the building programs of the "Hatsuyuki" and "Yugiri" class of destroyers.

In March 1989, the Air Squadron 124 was newly organized in the Fleet Air Wing 21 at the Tateyama Air Station, finally completing the four shipborne squadron arrangement for the four escort (destroyer) flotillas. The capacity of each shipborne squadron is 12 planes, consisting of eight operation aircraft and four reserve planes. Japan's shipborne helicopters started with the HSS-2A and later the HSS-2B which was developed from it, and they have recently been replaced by the latest S-60J.

As the deployment of the P-3Cs and shipborne helicopters takes precedence above anything else in the MSDF, the program has advanced very smoothly and rapidly. The author feels that it was only yesterday that the number of HSS-2Bs increased rapidly, then the number of shipborne squadrons was increased to four units. I watched the SH-60J of Air Squadron 121 with curiosity. Almost at once all shipborne squadrons were updated entirely with the SH-60J.

That was quite reasonable. The SH-60J deployment program, which started in FY1988, secured 35 planes in the three years to FY1990. This pace dropped after FY1991, but the 48 helicopters, the present number required, were secured by FY1993 with the procurement of another 16 helicopters. As this procurement was

based on a 3-year government bond, it can be said that the shipborne helicopters have been updated completely to the SH-60J at the end of FY1995, that is, at the time the author is writing this article.

On the other hand, these events slowed down the deployment of land-based ASW helicopters. These still have not reached the six-squadron, 54-helicopter strength set in the previous NDPO.

In the present situation, apart from the Air Squadron 101 of the Fleet Air Wing 21 under the Fleet Air Force, there are only five squadrons, including one each in the Ominato, Kure, and Sasebo regional districts, plus the Squadron 513 of Fleet Air Wing 51 (under direct control of the Fleet Air Force) and the Air Training Squadron 21 under control of the Air Training Command.

The models equipped are also one generation behind those in shipborne squadrons. Although the land-based SH-60J started to be procured in FY1993, they are still not deployed to actual units. It is expected that the age of the HSS-2B will continue in the near future.

Outline of SH-60J

As mentioned above, the MSDF's shipborne antisubmarine helicopters were updated to the SH-60J almost before anyone noticed. The author remembers writing articles on the P-3C in this magazine but does not remember writing any article on the S-60J. So, taking this occasion as an opportunity, let us outline the SH-60J as follows.

The SH-60J antisubmarine helicopter was developed to improve the ASW and anti-ship warfare as a link in the weapons system of ships to counter improved submarine performance and the equipping of surface ships with missiles in the 1990's. The development planning period of this model coincided with the period in which the former Soviet Union was continuously adding to its naval power.

At that time, submarines were equipped with underwater-to-surface missiles (USM). Their long-range attack capabilities were thought to exceed surface ship ASW capabilities. At the same time, submarine underwater speed, deep diving capability, cruising ability, and noise reduction were also making great progress.

On the other hand, the outfitting of surface ships with missiles was progressing. Moreover, it was predicted that the range and accuracy of ship-to-ship missiles (SSM) would increase.

The concept of operations for the new SH-60J shipborne ASW helicopters was put together based on the expectations of those days. Featuring the automatic processing

of advanced tactical information, information exchange with ships, the latest sensor equipment and excellent all-weather characteristics, it is a high-performance helicopter with extensive automation.

The air frame itself is basically the same as that of the SH-60B LAMPSIII (light multipurpose helicopter) of the U.S. Navy, and a suspended sonar and the 4th hydraulic source system for driving it have been added. Furthermore, one of the most important features of the SH-60J is that it also carries domestically developed airborne equipment called the "three developed items."

The three developed items refer to the tactical information processing and display system (HSDS), a data link system, and automatic flight management system (AFMS). An important feature is that it has both broad-area search (sonobuoy) and proximity ASW (sonar) functions.

The sensor subsystem of the SH-60J has basically a similar configuration to that of the shipborne HSS-2B, but great progress has been made in the acquisition of the airborne information processing capability and data link system. This has resulted in a drastic improvement in the information processing and data exchange functions of the SH-60J. Needless to say, the performance at the sensor level has also been improved.

More specifically, these improvements include the extension of the sonar detection range, the addition of the MAD automatic detection function and improvements to the radar and ESM (Electronic Support Measure) detection functions. Meanwhile, it has improvements in flying performance including an increased reserve load-bearing capacity, increased velocity (approximately 10 percent) and extended mission time (maximum four hours) compared to the HSS-2B.

MH-53, Another Operations Aircraft

Together with "ASW," which deals with the submarine threat, another of the MSDF's two major missions is "mine warfare" against mines. Mine warfare can be classified into the "mine countermeasures operations" for removing mines laid in important harbors and channels and the "minelaying operations" for laying mines to protect against enemy landings or to defend channels. Among these, the MSDF puts more emphasis on its mine countermeasures capability. Regarding emphasis on mine countermeasures capability, the MH-53E mine countermeasures helicopters (10 planes) and a unit specialized in aerial minesweeping (Air Squadron 111) are an extension of this idea. The MH-53E mine countermeasures helicopters are the only MSDF operations aircraft whose mission is not ASW.

The MSDF, which has been studying the use of helicopters in mine countermeasures warfare since its establishment, acquired its first two V-107 helicopters in September 1963. After the development and testing of the air frame, minesweeping equipment, and its deployment/expansion and lifting/retrieval equipment, it finally put the V-107 to practical use as a mine countermeasures helicopter in February 1972.

Following this, after overcoming a variety of problems and troubles which occurred, the Air Squadron 111 was started under direct control of the Fleet Air Force at the Shimousa Air Station, Chiba, in February 1974.

Though the operation methods were established and the unit deployed, the V-107 and V-107A (the "souped-up" version) still lacked the capability for actual use as mine countermeasures helicopters. Meanwhile, the introduction of the MH-X, the new mine countermeasures helicopter, became an issue around 1978 but was later shelved. This issue finally saw the light in the 5-year MTDTP put together in 1985, and the introduction of the MH-53E was decided.

After making the decision to introduce the MH-53E, a total of 11 helicopters were procured during FY1986 to FY1992. This figure of 11 was chosen in spite of a calculation that 12 is the minimum required force to allow simultaneous operations at the two most important harbors areas: Tokyo Bay and the area from the Kii Channel to Osaka Bay. The deployment of the MH-53E to the Air Squadron 111 started in March 1989; all the helicopters were deployed by FY1994.

The basic operations of mine countermeasures helicopters include preparatory minesweeping to remove mines dangerous to minesweeper ships and minesweeping in shallow areas where the ships cannot enter. The normal course of events is to use the mine countermeasures helicopters in order to clear the way for the minesweeper ships before they enter dangerous areas. The MH-53Es of Air Squadron 111 will also be used in this way.

The MH-53E is the largest helicopter in the Western camp, and its purposes are not limited to aerial minesweeping. It is a large helicopter with multiple missions, including cargo or passenger transportation and air rescue. The "M" in the name MH-53E stands for "multimission." Its maximum overall weight is as much as 73,500 pounds (33.3 tons) when cargo is suspended from the air frame.

As this large carrying capability makes it compatible with transportation missions, it has been reported that the functional improvement of the MH-53E to prepare for these missions is planned.

Present Situation of Support and Training Aircraft

Support aircraft can roughly be classified according to purpose into three categories: rescue aircraft, transport aircraft, and multimission/other aircraft. In terms of number, rescue aircraft are most numerous, followed by multimission/other aircraft. The existing transport aircraft consist of only four YS-11MAs.

There are a total of 24 rescue aircraft, including the US-1A flying boats and the rotary-wing S-61A and UH-60J (as of 1 December 1995). By model, there are five US-1As, 11 S-61s, and eight UH-60J's.

As for the US-1/US-1A rescue flying boats, since the first procurement in FY1973 to establish the 7-plane deployment required for ocean rescues, 16 planes will be deployed by FY1998. Although at present there are only five aircraft possessed, the additional acquisition of three more is planned, including the replenishment for attrition as requested for the FY1996 budget.

To maintain as well as upgrade and modernize ocean rescue capabilities in the future, the US-1A upgrade program began in FY1996.

Apart from the US-1A's assigned for ocean broad-area rescue, the seven MSDF air stations in Japan also have air rescue units deployed to them.

The current main rescue helicopter is the S-61, which belongs to the same series as the HSS-2B. Procurement of the UH-60J as its successor started in FY1989; a total of 12 helicopters have been procured by FY1995. The S-61A has been updated in stages to the UH-60J. The procurement target for the present is 21 helicopters, with three deployed at each of the seven MSDF air stations.

The UH-60J has a similar accommodation capacity (maximum of 11 persons) to the S-61A and an improved flying performance. Its features include an infrared night vision system and all-weather capability with navigation and weather radar.

In the category of multimission/other aircraft, the "other" aircraft are more significant. The multimission aircraft include two S-61A rotary-wing transports, five LC-90 liaison aircraft, and a UC-90 air survey plane. The S-61A transports are on board the ice breaker "Shirase" to support Japan's Antarctic observation team. The LC-90 aircraft are used for such missions as personnel transport and liaison. The UC-90, which belongs to the same series as the LC-90, is used for map drawing commissioned by the Geographical Survey Institute.

The "other" planes include the EP-3 electronic warfare data collection plane, U-36A training support planes

and UP-3C testing and evaluation aircraft. The EP-3 and UP-3C are derived models from the same series as the P-3C. Both have been newly acquired for use in electronic warfare data collection and test and evaluation respectively.

The EP-3, the successor to the UP-2J(E), is a P-3C air frame carrying domestic electronic warfare data collection equipment (NHLR-107, -108, etc.). It has been introduced to improve electronic warfare data collection capabilities by integrating data collection equipment and such around an onboard computer. Five aircraft had been procured by FY1995; three of them have actually been deployed. Operations began in November 1991 at the Air Squadron 81, Fleet Air Wing 31, at the Iwakuni Air Station in Yamaguchi Prefecture.

The electronic warfare data collected by the EP-3 is analyzed and used as intelligence data as well as technical data for the development of electronic measurement weapons. It is expected that, after the five EP-3 arrangement is established, these aircraft will be separated from the Air Squadron 81 and newly organized as an independent squadron specializing in electronic data collection.

The UP-3C (a single aircraft) is a flying test bed for use in testing airborne equipment. It was initially called the "NP-3C" but later renamed the UP-3C test and evaluation plane. A new model acquired in FY1994, it has just been deployed at the Air Squadron 51 under direct control of the Fleet Air Force.

The MSDF crew training is the exclusive responsibility of the Air Training Command.

There are four training aircraft models including the T-5 and KM-2 basic trainers, TC-90 instrument flight trainer, and OH-6D rotary-wing basic-level trainer. The subsequent stages of the practical training courses use the P-3C and HSS-2B.

Among the trainers, there are only five of the piston-engined KM-2 left; they are being replaced by the turbo-prop T-5's. The YS-11 airborne work trainers are used in the aviation officer training course, and it seems that the selection of the successor to this is planned in the new MTDP.

Marine Aviation Under New NDPO

Reduction of VP squadrons to 8-Squadron System

There is a classical Chinese story, the "Art of Dragon Slaying." Once upon a time, there was a man who passionately wished to acquire the art of slaying a dragon. After he engaged in hard training for many years, he came to acquire the perfect self-consciousness

required to slay a dragon, but then discovered that dragons do not exist. This story says that his efforts were entirely in vain.

The MSDF's efforts to establish the 100 P-3C force to counter Soviet nuclear submarines now seem a little like the "Art of Dragon Slaying." Of course, Soviet submarines existed as a real threat. However, we cannot deny now that we feel like someone who has just learned that what used to be regarded as a ghost was nothing but tall grass swaying in the wind.

Now that the reality of the ghost is seen clearly, "disarmament" is demanded of the MSDF for the first time in its history of over 40 years. This demand has two aspects: reduced spending and revision of its force configuration.

For the MSDF, the new NDPO states that; 1) there should be approximately 50 escorts [destroyers], eliminating three escorts [destroyers] each from the Yokosuka, Kure, and Maizuru regional districts; 2) there should be only one minesweeper flotilla, and; 3) the number of operations aircraft should be approximately 170 and the number of land-based patrol units should be 13.

The reduction demanded for the air units, the subject of this article, is approximately 50 aircraft, or 3 squadrons (the air force indicated in the attached table according to the previous NDPO consisted of about 210 operations aircraft in 16 squadrons).

The most important point in the new NDPO is how the MSDF air units can make their powerful antisubmarine force slimmer through cost reduction and a revision in force configuration. As a specific measure, the new MTDP beginning from FY1996 sets out to abolish one air squadron composed of fixed-wing patrol aircraft in stating the following:

"... As for fixed-wing patrol aircraft units, one squadron should be abolished and, at the same time, one squadron from the fixed-wing patrol aircraft units and one from the land-based rotary-wing patrol units should be turned into training squadrons specializing in crew training."

In other words, one of the current nine VP squadrons should be abolished and the training squadron (Air Training Squadron 206) should be treated outside the fighting force. With the land-based antisubmarine helicopter squadrons, too, the training squadron (Air Training Squadron 211) should be treated outside the fighting force. The new MTDP is based on the idea that the above measures will reduce the total number of land-based patrol aircraft units to 12, including the eight VP squadrons plus four HS squadrons, which is less than

the 13 squadrons indicated in the table attached to the new NDPO.

Nevertheless, it is not possible to turn the current nine VP squadron system into eight squadrons immediately.

The idea devised to deal with this is the "adjustment aircraft" system planned to be started in FY1996. With this system, the aircraft possessed by each squadron—some 10 per squadron—will be maintained, but the organization will be changed to "nine operations aircraft plus one adjustment aircraft."

The crew and fuel required by the single adjustment aircraft should be reduced, but there is no change in the fact that each squadron will possess the aircraft as its equipment. It is a desperate measure in which no specific aircraft is specified as the "adjustment aircraft" but the flight time, etc. of each squadron will be reduced by around 10 percent.

It has been decided to abolish one squadron in the coming five years while attempting to "reduce" the number of P-3C's gradually by means of the adjustment aircraft system, but the specific details including which of the existing squadrons is to be abolished and when have not yet been made public. It is assumed that the 10 P-3C aircraft to become excess inventory through arms reduction will be modified for other purposes and reclassified into the category of support aircraft.

Compared to the fixed-wing patrol aircraft for which the reduction guidelines of approximately 20 percent, including the transfer to training aircraft in the coming five years have been indicated, it will be difficult to reduce the number of ASW helicopters.

This is because their current number still does not meet the NDPO level, and it is impossible to reduce shipborne units.

In consequence, it seems in regard to land-based ASW helicopters that the new MTDP may be inclined to secure the helicopters required to update the HSS-2B while setting the establishment of a five-squadron, 44-aircraft arrangement as the target. The S-60J arrangement target in the new MTDP has been set to 37 planes and is being treated as a priority project by the MSDF.

Details on P-3C Modernization

Apart from the reduction of fixed-wing patrol aircraft, P-3C capabilities will be improved by modernization. This is based on the idea that the scale of the military forces can be reduced but that the improvement of capabilities is indispensable to allow continuous use of the P-3C for a long term in the future. The new MTDP describes this in the description of main projects as follows:

"As for aircraft, ...to continue using the existing fixed-wing patrol aircraft (P-3C) effectively in the future by meeting future advances in the level of technology, they will be modified to improve the required capabilities. Concerning the successor to the fixed-wing patrol aircraft (P-3C), necessary measures will be taken after conducting studies."

The P-3C capabilities improvement project was announced in the current MTDP (begun in FY1991 and completed in FY1995) and launched in FY1993. The new MTDP intends to promote the P-3C capabilities improvement project. Noteworthy here is that it also mentions the successor aircraft to the P-3C.

The MSDF acquired 98 domestically-produced P-3C aircraft in the C1 contract in FY1978 through the C15 contract in FY1994. The total number is 101 aircraft when the three aircraft imported in finished form from Lockheed in the United States are counted. What should be noted in the P-3C arrangement program, which lasted for over 15 years, is that the capabilities have been improved step by step by incorporating improvements in the course of mass production.

The MSDF's P-3C procurement and modernization is based on the idea of assuring interoperability between Japan and the United States. Japan has basically adopted the modernization modifications of the U.S. Navy to match them while also incorporating performance improvements unique to Japan.

One of the features of the P-3C is that it has been designed to allow overall system capabilities improvement through updating individual blocks, including the sensor equipment. This is called the building block concept. The U.S. Navy followed this idea by improving the capabilities through step-by-step upgrading from the P-3C Baseline to Updates I, II and III.

The mainstream of the P-3C in the U.S. Navy is becoming the Update III type, which incorporates the UYS-1 Proteus sonobuoy acoustic signal processor developed by IBM. The UYS-1, also called "SASP," features twice the sonobuoy data processing capacity.

Among the P-3C's manufactured for the U.S. Navy, 50 aircraft after No. 218 are of the Update III type. After acquiring the first version of the Update III type in 1984, the U.S. Navy is planning to modernize all of its P-3C craft to Update III models by 2006. The aircraft remodeled as Update III types are called "IIIR" to distinguish them from original Update III versions.

On the other hand, the MSDF's P-3C's started with the versions equivalent to Update III. After applying some improvements as mass-production progressed (Phase I),

the modernization corresponding to Update III was incorporated in the No. 5070 model procured in FY1988 and later (Phase II). This modernization consists of improving the sensor capability which partially corresponds to the P-3C Update III of the U.S. Navy, such as the use of the UYS-1(V) acoustic signal processor.

No. 5070 and later models, which started to be acquired in FY1991, are called "SASP models." They are operated by two squadrons (Air Patrol Squadrons 3 and 6) under Fleet Air Wing 4 at the Atsugi Air Station in Kanagawa Prefecture.

The SASP (UYS-1) features improved signal detection thanks to digital signal processing, increased simultaneously-processable sonobuoy channels, and improved frequency analysis accuracy as well as improved automatic detection, categorization and tracking functions. Moreover, it is also reported that the man-machine interface is enhanced to reduce the work load on the sensor operator.

The P-3C capability improvement project begun in FY1993 corresponds to modernization Phase III. Designed to improve the antisubmarine and anti-ship warfare capabilities, it sets the equivalent level to the P-3C Update III of the U.S. Navy as the target. The acoustic signal processor is the same UYS-1(V) SASP as modernization Phase II. Also, some new equipment are used and peripheral equipment changed or updated.

More specifically, the new items include a new computer (CP-2044J/ASQ-212), new mission software for the new computer, newly-developed domestic high-performance ESM (HLR-109), and a GPS satellite navigation system. The search radar equipment is also changed to a new type though this change is separate from the capability improvement.

With this change, the APS-115B is updated with the APS-137 manufactured by Texas Instruments (TI) of the United States. The APS-137 search radar has an image display mode for target identification. TI's advertising says that the APS-137 has a periscope detection capability of about 20 nautical miles and that a high-resolution inverse-synthesis aperture radar (ISAR) mode makes it possible to identify small surface targets and judge damage after an attack. Production started in 1986 and operations experience has been acquired by the P-3C of the U.S. Navy.

P-3C capability improvement Phase III was started in FY1993. Seven aircraft had been incorporated in the budget by FY1995, and they will be acquired sequentially from FY1996. Changing the radar also started in FY1993 and seven aircraft with modified air frames had been approved by FY1995. The change in

the search radar is expected to progress in step with the Phase III capability improvement.

By promoting the capability improvements and modifications, both the antisubmarine and anti-ship capabilities of the MSDF's P-3C's are expected to improve to reach almost equivalent capabilities to the P-3C Upgrade III of the U.S. Navy.

Future of Next Multipurpose Patrol Aircraft

With reference to the new MTDP's main projects described above, one particularly noteworthy point is that the P-3C's successor is mentioned. The next patrol aircraft to replace the P-3C is called the "maritime patrol aircraft" (MPA). The equipment implementation target seems to be set for FY2005 or later.

What should be noted here is that the aircraft is called simply the "patrol aircraft" instead of the previous "anti-submarine patrol aircraft." This may represent an MSDF attitude not to limit the aircraft's purpose to ASW but place more emphasis on the anti-ship warfare capabilities than before. It seems that it can be interpreted as a declaration of departing from a past maritime aviation policy exclusively oriented to ASW.

Aside from this, let us return our attention to the MPA. The new MTDP uses the cautious phrase that "necessary measures will be taken after conducting studies." In fact, however, it is setting the lines for independent domestic development.

Research-purpose trial production by the Defense Agency's Technical Research and Development Institute (TRDI) of several elements since FY1991. Their results will be concentrated, integrated, and compiled at the end of FY1998. The development of the next, multipurpose MPA may be proceeded after this.

TRDI R&D projects which may be connected to the MPA are as follows:

Airframe configuration research for future large aircraft.

ASW tactical judgment support systems (for fixed-wing aircraft and for rotary-wing aircraft).

Acoustic system for ASW aircraft.

Sonar information processor system.

Magnetic detector for fixed-wing aircraft.

Radar system for antisubmarine patrol aircraft.

In addition, the "research-purpose trial production of a demonstration engine" started in FY1995. This research-purpose trial production aims at "obtaining technical

data on a high-performance turbo-fan engine with an afterburner for supersonic aircraft in the future"; the target thrust is set to 5 tons. Though it is defined as a "demonstration engine," it is regarded as technically fully possible to develop engines for large aircraft using it as a prototype.

Now that all of the cards are on the table, we can see laid out the necessary elements for the MPA's development, including the air frame, engine, and onboard equipment systems.

This readiness is backed by two bitter experiences. One is related to the PX-L next antisubmarine patrol aircraft. The other is related to the ASDF's next support fighter FS-X (F-2).

Twenty five years ago, the Defense Agency decided on the domestic production of the next antisubmarine patrol aircraft (PX-L) but finally had to abandon this plan and introduce the P-3C from the United States.

The main reason for this was said to be a fatal lack of ASW data. The difference in software development capabilities decided the issue. However, a quarter century has since passed. Needless to say, circumstances have changed dramatically.

The development of the ASDF's next support fighter (FS-X/F-2) has the weak point in the inevitability of importing the engines. The memory is still fresh of Japan having had reluctantly to accept Japan-U.S. joint development as a result. The development of the next MPA is the third time. As the saying goes, the third time should be lucky for Japan.

So that the same mistake is not repeated, research to develop the MPA is conducted so that all of the elements necessary for the development can be covered by domestic technology. The author has already described that the engine has finally attained bright prospects for domestic development. Once the government decides the development policy, it is certain that technical conditions will be ready for the actual start of the project.

The development and equipment planning will be conducted centered around the MSDF staff. They may be hoping to start the actual development around the end of the new MTDP if everything goes smoothly.

In this case, practical implementation may be set at around 2007; deployment to units may start about 3 years after this. Though even the outline of the air frame cannot be predicted at the present stage, it is already expected that the MPA will be a large aircraft with 4 turbo-fan engines.

A source of anxiety regarding the MPA project for the next multipurpose patrol aircraft are developments in the United States.

After abandoning its program to develop the next-generation P-7A long-range oceanic patrol aircraft, the United States also decided to abandon the P-3C Update IV program in October 1992. According to their current program, they will update all of their P-3C's to the Update III type and operate them until 2015. They do not have a clear program for the successor to the P-3C for the present.

Such a situation may increase the possibility that the U.S. Navy will pay attention to the MPA project and quite possibly promote joint development. In this case, if they emphasize interoperability with them, the Japanese side may be unable to reject it out of hand. Taking the joint development of the FS-X into consideration, a clear response will likely be demanded of the Japanese side.

Expansion of Support Aircraft Force

The future portrait of maritime aviation indicates an expanding trend of support aircraft compared to the reduction of operations aircraft. One aspect of this is the secondary usage of the reduced operation aircraft, but it is certain that the support force will improve noticeably including measures to compensate for lacking functions.

One of the points demonstrating this trend is the UP-3D electronic warfare training support aircraft, although this is a project continuing from the MTDP ending in FY1995. After this, in the new MTDP from FY1996, the UP-3E image information collection aircraft is planned as a new project. The UP-3E is based on the modification and transfer of the existing P-3C.

The UP-3D is an aircraft that enhances the training arrangements against electronic warfare by creating a highly complex electronic warfare environment to support the air defense training of sea-surface units. It will be operated as a stand-off jammer for use in training. One aircraft each was procured in FY1994 and FY1995; the first model will be deployed in FY1997. After FY1997, an additional aircraft will be deployed to establish a three-aircraft arrangement.

The unit most likely to operate the UP-3D is the Air Squadron 81 under Fleet Air Wing 31. In this case, it is highly probable that the Air Squadron 81 will be reorganized into a specialty squadron for training support and equipped with the U-36A and UP-3D. The EP-3 electronic warfare data collection aircraft, increased to five aircraft, would then be re-deployed in the newly organized unit.

Speaking of training support, the successor to the U-36A is highlighted in the new MTDP. The point here is that it uses an expression "U-36A-class training support aircraft." This is an expression that can be interpreted either as an additional U-36A or as the introduction of a new type. It is also reported that the Harrier T10 V/STOL may be assumed as the extension of the "U-36A class," but nothing can be said for now. Apart from the validity of introducing the Harrier for such a limited mission as "training support," the issue of the mounting platform should also be considered. It should not be concluded hastily that because the Harrier has a similar size to antisubmarine helicopters, they can be mounted on existing DD class ships equipped with flight decks.

Beside technical issues such as the mounting space and outfitting, there would again be the argument that "this will lead to the possession of aircraft carriers." After all, this issue may depend on the ship type of the next DDH as well as on the domestic and international political environment as well as fiscal conditions when the next MTDP is elaborated five years hence.

Another issue attracting attention in the category of support aircraft is the introduction of the UP-3E image data collection aircraft mentioned above. The UP-3E's introduction is scheduled to start in FY1997. As described before, the UP-3E is not a newly manufactured model but one based on the modification and transfer of the P-3C's when these become excessive due to force reduction.

With the UP-3E, it is noteworthy that its mission is defined as "monitoring the sea and land areas and the collection of information."

The UP-3E is described as an air-frame incorporating a side-looking radar system, long-range monitoring sensors, and downward wide-area sensor capable of airborne processing and editing of image data and information transfer to the headquarters and surface ships.

The UP-3E operation plan has not yet been clarified explicitly. However, that the MSDF is seeking to escape from its past exclusive focus on ASW can also be seen from the equipment plan of this aircraft. The procurement target is five aircraft for now.

While the UP-3E is one of the ways to transfer the P-3C following the reduction of operation aircraft, it seems that there is also a plan to modify and transfer the P-3C into the successor to the YS-11MA transport. The MSDF now has four YS-11MA's. As they were acquired nearly 30 years ago, the deployment of their successors will become necessary in a few years.

The first option for the YS-11MA's successor is to introduce a new model, but it is also possible to modify and transfer the P-3C as a transport. There is actually an example of this: the U.S. Navy operated an obsolete P-3A for troop transport. However, considering that there are diverse restrictions in operating the modified P-3C for cargo transport, considerable modifications may be required to turn it into a real transport aircraft.

The conclusion of the model selection issue will depend on the positioning of the successor to the YS-11. Ideally, the author thinks it best to prepare both a cargo transport and troop transport, then introduce a new model as the former and modify and transfer the P-3C as the latter. However, things may not progress so smoothly.

Development of Modified US-1A

In the new MTDP, the decision to develop the modified US-1A rescue flying boat has also attracted attention. Its design and trial production are scheduled to start in FY1996; development will be complete in FY2003. The US-1A's development is classed as the most important project in the FY1996 R&D program; approximately 2.8 billion yen has been budgeted.

Once the UV-22 Osprey tilt rotor craft had been regarded as a potential successor to the US-1A rescue flying boat. The program to introduce it was actually incorporated in the current [FY1991-1995] MTDP. However, due to circumstances including a delay in the development in the United States, it was abandoned at the time the current MTDP was modified and the plan was changed to continue the procurement of US-1A to maintain the oceanic rescue system while developing a modified type.

More than 20 years have elapsed since the completion of the first model. The US-1A is now obsolete in both design and application technology. While a large variety of modifications and improvements have been applied through the program over a long period, engine power was upgraded only once, resulting in an almost complete lack of weight margin. It can be called an air frame which has been perfected but at its limit. The development of the modified US-1A was examined and started in such a situation.

The points of modification of the modified US-1A are enumerated in the following:

(1) Use of composite materials for reduced weight and maintenance cost: The wings, tails, wing-tip floats, etc. will use carbon fiber reinforced plastic (CFRP) for weight reduction. This not only extends the flight range but contributes to the rust prevention of the aircraft structures. Reduced maintenance costs can also be expected.

(2) Engine equipment change: The AE2100-D3 engine (rated power of 4,591 ps), manufactured by Allison of the United States and used also by the C-130J, will be mounted for greatly increased power. In combination with the high-efficiency six-blade propeller, this is expected to improve the speed by about 50 knots. The maximum velocity will be 300 knots.

(3) Use of pressurized cabin in the upper part of the hull: The pressurized cabin makes it possible to fly the flying boat at an altitude above 20,000 feet. This reduces the effects of weather and improves the transportation environment.

(4) Fly-by-wire control system: The aim of this system is to improve controllability and stability. It is reported that it reduces the pilot's work load and allows even younger pilots to control the flying boat. The US-1A now requires skill; pilots are reportedly about 10 years older on average than those in P-3C squadrons.

(5) Enhanced integrated instrument panel in the cockpit: The instruments will be integrated and accommodated in a glass cockpit.

According to the current perspective of the US-1A modernization program, the design and trial production will start in FY1996. Development will be complete in FY2003, in which year deployment to units will start. Trial production of two models is scheduled for use in flight testing, and the operation period after the completion of development will be more than 15 years. The number of arranged aircraft is expected to be almost equal to the US-1A. What Outlook for 10 Years Ahead?

In the new MTDP from FY1996, the MSDF is planning to procure a total of 64 aircraft. Some of these have already been described, but they will be compiled and listed again in the following:

37 SH-60J patrol helicopter; 3 US-1A rescue flying boats; 1 UP-3D electronic warfare training support; 1 U-36A class training support; 2 YS-11MA successor aircraft; 5 T-5 basic control trainers; 7 TC-90 instrument flight trainers; 4 OH-6D class helicopter basic trainers.

Among the 64 aircraft listed above, the only operations aircraft are the S-60J patrol helicopters. The UP-3E image information collection aircraft is not a new procurement but excluded from the procurement program by handling it as a modification. The P-3C capability improvement modification is also treated in the same way.

Three new models procured in the form of replenishment for attrition are the U-36A, YS-11M, and OH-

6D. Among them, the U-36A and YS-11M have already been described above. What, then, about the OH-6D?

This procurement is based on the need for a successor to the current OH-6D resulting from the completion of its procurement for the GSDF in FY1996. Since a similar air frame to the OH-6D is needed, the most probable conclusion may be the import of the civilian MD-500.

The acquisition of the aircraft scheduled to be procured by the new MTDP starting in FY1996 will be completed around FY2003, that is, in seven to eight years from now. Knowing this, then, it is not so difficult to imagine the outline of the MSDF in 10 years.

With operation aircraft of the fixed-wing type, almost all of the P-3C patrol aircraft will change to the Phase III modernized type with improved capabilities in both ASW and anti-ship warfare. At this time, the VP squadrons which are the front-line force will be based on an eight-squadron arrangement.

The shape of the next patrol aircraft may already have been made clear. If everything goes smoothly as scheduled, the MPA project will possibly be implemented by then.

On the other hand, with rotary-wing patrol aircraft, the SH-60J will be the mainstream in both shipborne and land-based models. It is also possible that some of its capabilities will be improved.

Items that could have their capability improved may include the change of the search radar and the addition of infrared night vision system. It is also possible that an infrared jammer will be mounted to improve its self-defense capability.

Though not expressed explicitly, it is highly probable that the modification of the S-60J for modernization can already be predicted. This can be judged from the facts that research-purpose trial production of the elements including the main rotor system, ship landing guidance support system, acoustic system for antisubmarine aircraft (low-frequency sonar) and tactical decision-making support system for antisubmarine aircraft (with rotary wings) have been started. These research items clearly indicate an aircraft to follow the SH-60J.

There may be no changes, including in numbers deployed, in another operation aircraft: the MH-53E mine countermeasures helicopter. However, it is highly probable that the transportation functions of the MH-53E will be expanded.

What, then, about support aircraft?

With the EP-3 electronic warfare data collection aircraft, a five-aircraft arrangement will be established and

the squadron may become independent. A squadron specialized in electronic warfare data collection is expected.

With the new UP-3D electronic warfare training support aircraft, the three-aircraft arrangement will be established and the training support for maritime units will be provided together with the U-36A. However, it is difficult to predict the conclusion of the "U-36A class" issue presently pending. It is possible that this problem will still be postponed.

With rescue helicopters, updating to the UH-60J will be completed and an arrangement with three aircraft in each of seven air stations may be established. With rescue flying boats, the production of the US-1A will have been completed after an accumulated total of 19 aircraft have been built and procurement of the modified US-1A started. At this time, the unique shape of the modified US-1A may have already made an appearance under the name of "US-2."

The conclusion of this article is that the shape of maritime aviation 10 years from now does not seem drastically different from its current shape.

However, undoubtedly the present situation of exclusive focus on ASW will be modified in general. Also, in the sense of compensating for lacking functions, both operations aircraft and support aircraft will show or seek to show a more complete posture than at present.

Japan: New Defense Intelligence HQ Background Viewed

OW1905115996 Tokyo GUNJI KENKYU in Japanese Jan 96 pp 166-67

[Unattributed article "JSDF Free Talk" Column. Second article of two-part series originally titled "'Intelligence Headquarters (HQ)' in E Tower of New Complex; Sectionalism Eliminated? Intelligence Unification." First article in series ran in April issue]

[FBIS Translated Text] The "Intelligence Annex," or Chobetsu, is located, as a matter of form, within the Ground Staff Office [GSO]. In reality, however, it comes under the direct command not of the Ground Self-Defense Force [GSDF] Chief of Staff but of the Defense Agency's Bureau of Defense Policy.

Management and intelligence dissemination for Chobetsu, although a Defense Agency organization, until the mid-1970's took place under the Cabinet Information Research Office [CIRO].

However, those who actually ran Chobetsu were intelligence personnel from the three Self-Defense Forces [SDF]—including telecommunications technology ex-

perts (equipment operations) and linguistic experts in such languages as Russian, Chinese, and Korean—deployed there. It was for that reason that Chobetsu was operated on the pretense of being a GSDF organization.

Communications sites, whose role is to act as the ears and eyes in communications intercepts, intercept foreign radio waves on a 24-hour basis. In Hokkaido, they are located at Higashi-Chitose and Higashi-Nemuro; detachments are located at the radar sites at Wakkanai and Nemuro. In Honshu, the intercept sites are in Niigata, Miho (Takaoyama radar site), and Oi (Saitama). In Kyushu, they are located at Tachiarai (Fukuoka) and Kikaishima (Kagoshima).

Among these intercept sites, the one at Oi plays the role of bringing together the intelligence from each site. Comprehensive research, analysis, and decryption then takes place at the headquarters in Ichigaya. These communications sites will be on the front line of intelligence gathering for the newly formed Defense Intelligence Headquarters [DIH].

In addition to the KAL [Korean Airlines] incident, Chobetsu detected the frantic radio communications exchanged near the maritime provinces at the time (1976) the Soviet MiG 25 defected to Hakodate. When the plane in which China's Lin Biao was trying to defect to the Soviet Union crashed in Mongolia, or during such times as the Vietnam War, the Sino-Vietnamese border clash, and the Indo-Pakistan wars, communications have had a more urgent tone and greater volume than usual. It is also said that Chobetsu has detected unusual events when communications suddenly go silent.

There was once a time when a concept was proposed and preparations made for the sort of intelligence unification now taking place.

It was during the time that Nakasone, who later became prime minister, was director general of the Defense Agency.

Director General Nakasone's idea was that "rabbit ears" were necessary for the exclusively defensive defense of the Japanese archipelago, the "unsinkable aircraft carrier." From this idea was born the concept of unifying intelligence. A provisional "Joint Intelligence Headquarters Study Preparatory Office" was established in the Joint Staff Council [JSC].

Appointed as director of that office was Colonel Chikara Sakamoto, who came to the post from his position as deputy director of GSO's G-2.

Sakamoto had worked in the Intelligence Department of the National Police Reserve [NPR, the SDF's predecessor]. At the time of the Imperial Palace Incident

(May 1952), the main purpose for the NPR's creation was to maintain public security (prevent disturbances). In preparation for a worst-case situation and possible dispatch of the NPR, Sakamoto was near the Palace in plain clothes gathering intelligence.

After that, Sakamoto went to the United States to study psychological operations. He also served as Japan's first defense attache to Thailand. He is an intelligence expert.

Sakamoto was a student of Tokyo Imperial University [University of Tokyo today] conscripted into the Japanese Army during the war (as an infantry lieutenant, senior grade). Following demobilization, he was an NHK reporter covering the Tokyo Metropolitan Police Department. He then joined the NPR at the time of its founding. He started as a new soldier (at the start all personnel held a police rank equivalent to private second class). He retired as a general, the commandant of the GSDF Staff College.

Naturally, what made him famous was his career background as a reporter during that mythical time when he joined the NPR.

During the time the NPR was a provisional unit put together by U.S. military advisors and not yet established as a formal organization, Sakamoto as a new officer was placed on account of his former military background in an army corps commander post equivalent to general. Even so, as senior officers were selected, his status fell to commander of a division, then regiment, and finally, some two months later, to a position as a regiment staff officer. In effect, he had experienced a fall from lieutenant general to captain.

Apart from this career history, Sakamoto became director of the Joint Intelligence Study Preparatory Office. He gathered together personnel sent from each SDF staff office. His office was located on the second floor of Defense Agency Building No. 31. A colonel directing an office, he worked as a general officer in putting together with individuals from the SDF staff offices and the Agency's internal bureaus a proposal for an Intelligence Headquarters.

As a joke, he hung a sign for the office, abbreviated as JKC [a play on words]. He then laughingly referred to the office as the "Joint Kichigai [Crazy] (this now seems to be a discriminatory term) Committee."

In reality, in contrast to the importance of intelligence these days, each SDF staff office then failed to show much enthusiasm for moving its own intelligence section's territory under the JSC.

Moreover, despite the drafting of a proposal for an intelligence headquarters, Sakamoto's office dissipated

when Nakasone lost his portfolio as Defense Agency Director General in a cabinet reshuffle. The nearly complete proposal for an intelligence headquarters was pigeonholed, disappearing without a trace.

Naturally, part of this proposal saw the light of day four years later as a result of the MiG jet's landing in Hakodate and as a model for the construction of the central command complex.

In order to find a new method for Japan's security and defense following the collapse of the East-West Cold War structure, the Advisory Group on Defense Issues, established during Prime Minister Hosokawa's time as a private advisory organ to the prime minister, submitted a report two years ago to his successor, then Prime Minister Murayama.

The report stressed "strengthening from a joint viewpoint our joint operations posture for strategic intelligence functions as well as command and communication functions." In light of this, the intelligence units of the three SDF staff offices, Chobetsu, and other units are moving into the intelligence tower (E Tower) in the Defense Agency's move to new quarters. With this opportunity, the SDF's intelligence organization has become joint and rebuilt as "DIH."

What must have been the reason for the revolution in consciousness from the previous sectionalism of each SDF staff office to a single, joint direction?

Japan: Government 'Perplexed' With LDP's Spy Satellite Discussion

OW2005142096 Tokyo YOMIURI SHIMBUN
in Japanese 17 May 96 Morning Edition p 2

[FBIS Translated Text] On 16 May the government welcomed the fact that the Liberal Democratic Party [LDP] has started studying a plan on Japan possessing its own reconnaissance satellites, saying that "It will introduce discussion on this matter at the political level." However, at the same time there are some perplexed views in the government sector that "it is premature to take this up for discussion," (as stated by a government source). Such anxieties arise from the fact that there are many tasks yet to be settled, such as the question of how to maintain consistency between the satellite purchase plan with the government's basic policy of "space development for peaceful purposes," and the question of expenses and effects, (as stated by Prime Minister Ryutaro Hashimoto).

Vice Defense Minister Naoaki Murata said on 16 May, "Although we do not have any idea or a plan to own them, to build up our information-gathering ability is

important for upholding the policy of purely defensive defense." Joint Staff Council Chairman Shigeru Sugiyama showed a positive attitude, saying, "Although reconnaissance satellites were special equipment in the past, information obtained from satellites is sold on a market at present."

The Defense Agency (DA) has purchased photos taken by U.S. and other foreign commercial observation satellites since 1984, and has used them for analytical purposes. However, the following problems have been pointed out: 1) resolution of those photos, about 10 meters, is low; 2) it takes more than several days to obtain them; and other problems.

The New Defense Program Outline released last year declares that the Self Defense Forces are required "to carry out gathering and analysis of information, including strategic data, at a high-level by ensuring various information-gathering measures." Regarding the possession of spy satellites, the government holds the view that "If functions similar to those of spy satellites are popularized (by marketing), we can own them."

However, efforts should be made to maintain consistency between the purchase plan with other concerned laws, such as the National Space Development Agency Act limiting the development and use of space to peaceful purposes, and the House of Representatives' resolution. In addition, there is a prevailing view within the government that there is no other way but to study the possibility of government offices' joint use of satellites because "If the DA takes the initiative, a sense of caution would arise within the government and the ruling parties."

The expense of possessing satellites, including development costs, is at least 200 billion yen. In light of its costliness, it remains uncertain whether or not the purchase plan will be included in the next Defense Buildup Program.

Japan: Hashimoto's Plan To Urge Streamlining of Government

OW1705145096 Tokyo KYODO in English
1418 GMT 17 May 96

[FBIS Transcribed Text] Tokyo, May 17 KYODO — The government of Prime Minister Ryutaro Hashimoto will compile an administrative reform plan calling for the streamlining of ministries and agencies as part of the transfer of some functions of the capital out of Tokyo, government sources said Friday [17 May].

The plan is being drafted by a task force of the dominant ruling partner Liberal Democratic Party (LDP).

Hashimoto, pledging to promote administrative reform during his premiership, told the task force to come up with concrete themes.

The task force plans to produce a final version of the plan by the end of the current Diet session.

The plan calls for the establishment of a new administrative system that can be effective in the era of "mega-competition" in which people, goods, money and information all move around the globe.

The streamlining of governmental organizations and functions is advocated as one measure to make the overall administration leaner and more efficient.

The government has set the year 2010 as the target for moving some capital functions.

The draft plan also calls for scaling down the number of central government employees and abolishing some regulations in such fields as finance, securities and telecommunications.

As for decentralization, the draft calls for the establishment of a committee to make transparent the rules and procedures for distributing tax money to local governments.

The draft also includes measures for reconstruction of the debt-ridden state finances, such as the creation of new criteria to limit the nation's financial deficit in proportion to the gross domestic product.

Japan: Expert Urges To Repeal Single-Seat Constituency System

96280074A Tokyo SEKAI in Japanese Apr 96
pp 158-162

[Article by Minoru Tada, Nisho-Gakusha University professor/former chief of YOMIURI SHIMBUN Political Section: "Behind the Sudden Increase in Opponents of the Single-Seat Constituency System"]

[FBIS Translated Text]

On the flip side of the unsightly blame game being played in the Jusen [home mortgage institution]-dominated Diet session, a sound argument mixed with remorse rarely seen in the political world has surfaced. There are courageous, even bipartisan, statements proposing to decidedly rethink the "single-seat constituency system," the implementation of which has already been decided. Lower House Speaker Doi (SDP [Social Democratic Party]), Chief Cabinet Secretary Kajiyama and Secretary General Kato (both of the LDP [Liberal Democratic Party]), Economic Planning Agency chief Tanaka (Sakigake), and others who, due to their position, have placed a hold condition on it,

saying "we should at least give it a chance," but former Prime Minister Miyazawa and previous Prime Minister Murayama as well as Mr. Junichiro Koizumi, who ran in the presidential election, and others are pretty clear on it. Besides, even Mr. Hajime Funada and others in the opposition party Shinshinto, who before had stood in the lead in promoting the single-seat constituency system, have come around to join those feeling "remorse."

The prevailing view in the political arena is that "these days anywhere from 70 to 80 percent of lower house Diet members are opposed to the single-seat constituency system." Among them, a study group aiming to freeze or reorganize it has even been formed inside the SDP whose fate may be sealed under the single-seat constituency system. It is said that there is strong latent fervor to return to the multiple constituency system among old Japan New Party line Diet members from Sakigake and opposition parties. Naturally, many of the main causes of this sudden inclination toward opposition to the single-seat constituency system are points that originate from individual interests, such as not being able to run when the time comes; the worry that even if one does run one will not win, or that once one loses, there is no hope of recovering. However, that is not all; it can be asserted that once the single-seat constituency system reached the preparation stage, the fact that the system itself is fatally flawed has become evident.

As will be discussed later, this "single-seat constituency with proportional representation system" is, viewed from the standpoint of original democratic politics, both ideologically and realistically, a system with many inherent flaws, and, moreover, is not suited to our nation's electoral or political landscape. The motivation and methods leading to its creation were antidemocratic.

Next we explore why such a system was passed after undergoing a Diet vote during the Hosokawa non-LDP coalition government.

Who Brought About the Single-Seat Constituency System?

Electoral system reform originally surfaced when national distrust of politics reached its apex and public opinion in favor of political reform climbed in the aftermath of a succession of political (LDP) scandals which followed the Recruit, Sagawa Kyubin, Kanemaru hidden funds, and tax evasion affairs. As a matter of course, national public opinion demanded reform in favor of a fair political system that would stamp out the corrupting powers of financial influence in the political world and the collusive relationship between politicians, bureaucrats, and industry. That is also proven by the fact that most of the public opinion surveys at the

time revealed that approximately 60 percent favored strengthening corruption prevention/political fund regulating legislation and those demanding reform of the electoral system only comprised about 10 percent.

However, cleverly turning this to their own advantage, Mr. Ichiro Ozawa and his comrades, who at the time were at the core of the Takeshita faction with actual power over the LDP, substituted this with the argument which asserts that the multiple-seat constituency system is really the one that requires money in politics; that the LDP would end up fighting among its members; and that it leads to a service war instead of policy. Therefore, it will be impossible to eradicate the corrupting influence of money unless the source is eliminated. The ones who immediately responded favorably to this were members of the financial sector who sympathized with equating the "ordinary nation" with constitutional revision orientation and "strong leadership" with strong conservative stable government. And the Federation (chaired by Yamagishi), which for some unknown reason represents labor, also united with them. In this way Mr. Ozawa and his group identified themselves as political reformists and scrambled in the quest for a single-seat constituency system.

The actions of the media proved to be decisive. The preparation for this was in reality the formation and submission of findings of the Eighth Election System Council (Dai Hachiji Senkyo Seido Shingikai) that was created during the Takeshita-Kaifu cabinet.

In an unprecedented move, the leadership of each of the mass media companies lined up with the majority committee members, which had from the start an abnormal composition because it is estimated that of 27 members, those supporting a single-seat constituency system numbered 24; among the rest, two were neutral and one was opposed. The deliberation council issued its findings as planned for reform to a single-seat constituency with proportional representation system. In this way the tone of argument of the mass media from that point changed completely from what it had been.

Many newspapers, with the exception of the cautious ASAHI (SHIMBUN), were supportive of the single-seat constituency with proportional representation system and in fact it was the print media that launched a massive campaign. With the exception of SEKAI the major journals were wholly devoted to the single-seat constituency system and toward the latter part of the Miyazawa administration even commercial broadcast television was busy mobilizing politicians, critics, and popular personalities day and night who supported the single-seat constituency system and to elevate the politicians supporting that system as "reformists" while

it attacked those who were more cautious or opposed to it as "maintaining the status quo."

Even now when one thinks back, the atmosphere that enveloped the political world was one of great fervor. It is not even necessary to wait for the testimony of Television Asahi's Broadcast Bureau Chief Tsubaki. The nearly common slogans of proponents of the single-seat constituency system were the breakup of the 1955 system of opposition of the two major parties of LDP and Social Democratic Party of Japan [SDPJ], reorganization of the political world, and a non-LDP administration. In particular the fanfare which equates political reform with single-seat constituency system virtually lacked any semblance of rationality.

In this way, Mr. Ichiro Ozawa, who in reality ought to have been the main target of breaking away from the system of money influence, transformed himself into the standard bearer of reform, and even LDP Diet members who were not excited about the single-seat constituency system were suddenly converging to embrace it. To them, "being called a maintainer of the status quo could jeopardize the outcome of my next election." Meanwhile, even inside the SDPJ, which up to now was opposed the single-seat constituency system as the enemy of democracy, (then) Secretary General Akamatsu and others rallied around Mr. Ozawa, and the Democratic Socialist Party [DSP], which should not be able to survive in a single-seat constituency system as well as Komeito were converted to a stance of approval of the single-seat constituency system lured by the sweet sound of a non-LDP government.

Amid this "atmosphere in which those who oppose the single-seat constituency system are viewed as being traitors" (according to former Prime Minister Miyazawa), the LDP was thrown into confusion and simplistically veered toward the single-seat constituency system; there was the nonconfidence during the Miyazawa administration, the split up of the Ozawa faction, the defeat in the general election and the non-LDP Hosokawa Coalition government came into being. The Hosokawa administration repeated the atmosphere of aimlessness and bewilderment with the national welfare tax, etc., but the obsession of Mr. Ozawa and his cronies with the idea that the only path to survival is to equate political reform with the single-seat constituency system did not change, and finally at the end of the Hosokawa administration, the single-seat constituency with proportional representation system was passed in the Diet. It passed the lower house but not the upper house, and while many people thought that it should remain "unresolved," things took a complete change and it became a reality in accord with the LDP proposal (which had been a change for

the worse from the Hosokawa ruling party proposal), due to the unexpected error of Lower House Speaker Doi and LDP President Kono whose true intention was to oppose the single-seat constituency system.

Why People Latched onto the Single-Seat Constituency System

This was a political victory for proponents of the single-seat constituency system such as Mr. Ozawa and his crowd. Why did all these groups, beginning with the mass media, the conservative political sector, the financial sector, the labor sector, and the SDPJ, which would receive a lethal blow from the single-seat constituency system, get tangled up in such a situation? It is thought that at the heart of the answer to this is actually not whether the single-seat constituency system is right or wrong but the desire to make significant changes to Japanese politics by riding on the wave of mistrust and confusion in the political world. While that would almost be understandable, this author is convinced that selecting the single-seat constituency system merely as a means to that end was, after all, a fatal error, and that if this system is implemented, the nation will assuredly regret it in the near future. This is because, first of all, even admitting that the multiple constituency system has its faults, there was almost no debate in the Diet on the proportional representation system, including discussion of a combination of each type, etc. In addition, the process in which good sense opinions were stifled and the system was ratified amid a zealous atmosphere surrounding the mass media, etc., was even reminiscent of the sociological condition during the Bubble economy or the eve of war. Further, both in theoretical terms and even speaking from experience that includes an understanding of the situation in foreign countries, the fact of the single-seat constituency system being seriously flawed, both fundamentally and practically, has been overlooked.

Let us calmly analyze, then, the points proponents of the single-seat constituency system gave as reasons the system will be such a plus for Japanese politics. The following points are listed in the findings of the eighth electoral system council.

1. With the multiple constituency system in existence up to now, parties vying for political power run numerous candidates, resulting in fighting within the parties themselves.
2. For this reason, the election becomes centered on individuals and not devoted to the party or to policy as it should be.

3. Thus, the election degenerates into a service war requiring massive funding so it becomes a hotbed for the corrupting power of money.

These proponents suggest that if the system is reformed to a single-seat constituency system in which one candidate would run in each district the following significant improvements would be realized:

1. Elections would be devoted to policy and the party.
2. The government could be selected by the will of the people.
3. Elections would be made more stable.
4. There would be two major political parties, so the potential for a change of political power would be created.
5. Elections and politics would not cost money.

The thing that becomes evident here is that only 1 and 5 would directly lead to improvement of elections and 2, 3, and 4 involve the issue of what kind of government should be created.

In fact, this point is important. Although I will avoid going into great detail, the elimination of the corrupting power of money was overwhelmingly the result the people were seeking through political reform. In terms of significant augmentation of the political funding regulatory law and the electoral system, the revision was fairly consistent with that. However, the motivation of proponents of the single-seat constituency system this time could clearly be described as an aim to create the specific type of government that they desire more than the single-seat constituency system. Because that is not only missing the point from the standpoint of the election system argument because it is contrary to reflecting the will of the nation in fair and accurate Diet representation and government, it also goes against national opinion and cannot be accepted.

Will this bring about elections that focus on policy and elections that do not cost money? The answer to that can only be "no." It could be said that the very sense of desperation about this point is one major reason that there are many statements being made now in the political arena calling for stopping the single-seat constituency system. Several people I know who intend to run as single-seat constituency system candidates have expressed their feelings pretty much along following lines: "Although only one person will be elected in the narrow electoral field, it appears that powerful opposing candidates will also appear; it is the same as going around to all the districts to appeal to people of all social standings. We've had to hire more secretaries, documentation has increased and yet we cannot refuse to give money in rallies. While there is some discussion about policy, economic countermeasures, etc., any other national discussion is nonsense; it is mainly about letting people vent their

grievances and competing to provide local services. The idea of the election being devoted to policy and not costing money is ludicrous." In this way it has become clear in the preparatory stages that the main attractions of the single-seat constituency system of allowing the focus to be on policy and not costing money would seem to be false, which would take the substance out anti-corruption legislation. At this rate the corrupting influence of money and the hotbed of collusion between politics, the bureaucracy and industry could even intensify.

A Dangerous Road Map for the Future

Actually, however, there is a separate, grave anxiety about the single-seat constituency system in our country that comes even before that. The first person to win in the single-seat constituency system (all the more so for the party in power) will immediately afterward serve as the sole source for local distribution of federal funds within his district. And the political party (or coalition forces) with a majority of those winning members will forge an absolute system of power. Moreover, the rate of reelection of ruling party winners will naturally rise and become increasingly secure so the status of first time winning Diet members will become firm and evolve into semi-permanency. The national ramifications will be the development of a semi-permanent government by one political party, and there is even the prospect that this could evolve into a quasi-dictatorial regime that is even larger than the old LDP at its zenith. The tragedy, excluding political parties such as the Communist Party which depends on proportional districts only, is the winners of parties that similarly aimed to take the reigns of power but were relegated to becoming opposition parties. Unable to become central sources of federal funding, they will either cling to the vain dream of a hopeless next general election or submit to or take advantage of demands from the localities to switch over to the ruling party.

This fact gives us the prospect of a dangerous political blueprint and vision of power in the very near future that could realistically be generated by the single-seat constituency system. If the next general election is implemented under the single-seat constituency system, the likelihood that it will become a de facto match between the LDP and Shinshinto with one of them emerging as the No. 1 party with a majority (probably the LDP) is strong. Naturally, there would be a one-party government if the LDP were to secure an overwhelming majority, but in the case of a No. 1 party with less than a majority, it would mean a coalition between the LDP or SDP or a new party, or it would become a battle of the conservatives and individual mergers (forces

in the LDP and Shinshinto who oppose Ozawa and Komel). In any case, the potential for a revival of the LDP government is great. And as long as there is a single-seat constituency system, because both its representatives and constituents would be fervently ruling party-oriented and have a high rate of reelection, there is no question that the LDP would become established by far this time in the status as the most powerful semipermanent government that would extend well into the 21st century. Even if it cannot realize this the first time, it would be absolute by the second time as long as there is a single-seat constituency system. Of course this would be complicated in the event that Shinshinto became the No. 1 party the first time, and the confusion would likely continue until the next generation.

The stable government advocated by the single-seat constituency system proponents, while dangerous, would certainly become a reality. However, even now one can predict how unfounded is the claim of enabling administration changes. From the start the motivation for Mr. Ozawa and his comrades to advocate the single-seat constituency system was in the realization of an "ordinary nation" system that is tied in to a change for the worse by means of a semipermanent absolute authority system of the LDP. This is amply proven by the history of obsession for realization of the single-seat constituency system by the LDP governments.

Prime Minister Hatoyama proposed the single-seat constituency system by which his party could aim for two-thirds of house seats for introducing constitutional revision for the purpose of remilitarization. The aim of Prime Minister Tanaka's single-seat constituency system challenge was also to rebuild the LDP's semipermanent government system, and Secretary General Ozawa's single-seat constituency system proposal in the Kaifu administration was even more intense. In the past each of these efforts has broken down but two years earlier they succeeded in the midst of confusion. The miscalculation Mr. Ozawa made was that once the single-seat constituency system materialized, he himself was not inside the fortress of the LDP.

Japan's commercial broadcast television, addicted to ratings, was excessively rash. During the Miyazawa administration, LDP leaders with good sense earnestly prepared to go ahead with the anticorruption legislation for the purpose of counteracting Ozawa being equated with the single-seat constituency system. However, it was abandoned due to the verbal abuse from young Diet members who were caught up in the fervor, saying "what are you saying such witless things for now?" and the thunderous roar of deputy Prime Minister Gotoda who said, "If we go ahead with anticorruption, the LDP will peer into Hell."

Moreover, an even more severe narcotic was contained in the single-seat constituency system. At present, among the number of politicians, scholars, and journalists opposed to the single-seat constituency system which includes many of the people currently feeling remorse, not a few feel that "as soon as the single-seat constituency system is proven to be bad, it should be repealed."

However, this is to forget that by virtue of it being a single-seat constituency system, there is no way that the government party in power would agree to repeal the very system which is the pillar of a semipermanent, semidictatorial regime the continuation of which is in its absolute interest. That would be in spite of demands by public opinion to repeal it no matter how irrational it might be proven to be.

Do Not Fear to Mend Your Ways

The single-seat constituency system has still not been implemented. Even so, defects in its every aspect are being felt. Even those who strongly promoted it are feeling remorse and are having second thoughts. Now is not the time to be afraid of correcting one's mistakes. To be sure, it is a system whose implementation has been decided in the National Diet. To have to abandon it without once putting it into practice would mean exposing one's lack of foresight to the world and there is no greater sign of fickleness. Very recently, influential LDP members who hinted at the notion of stopping the single-seat constituency system in the past have, one after the other, stopped doing so. It seems that this is because their estimation that the weakness and confusion of Ozawa's Shinshinto has become conspicuous and that even if the next general election is fought under the single-seat constituency system, they can defeat Shinshinto.

There are many related laws and ordinances in stopping the single-seat electoral system and difficulties would be encountered to be sure. Yet, now that a correct understanding is finally being gained of its realities by the people and politicians whose heads have cooled, there are quite a lot of voices of reason requesting that it be stopped. Moreover, this carries the fateful condition that once it is implemented it cannot then be repealed for a long time no matter how bad a law we eventually understand it to be. And, if it is implemented, it will only be one to two years before the nation would undoubtedly regret it; but then it will too late.

Japan: Caring Bureaucrats, Politicians' Obsessions with Money, Power

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[Dialogue between Hisahiko Okazaki, consultant for Hakuhodo and Chiyoda Chemical Engineering & Construction Co. and Motoo Shiina, upper house Diet representative: "Eliminating Bureaucrats' and politicians' Cravings for Money and Power"]

[FBIS Translated Text]Murayama's Failure To Control the Social Democratic Party [SDP]

[Okazaki] It's a good thing that Murayama resigned. I discovered his main failing when the incident in Okinawa occurred. He's a quick study and he has common sense, so when one of his aides hands him a sheet of paper and says, "This is what you need to say," Murayama does what he's told. That's why few problems have arisen during Japan-U.S. negotiations. However, when the Okinawa incident took place, the cabinet got carried away. Murayama's secretaries, and the chief cabinet secretary's secretaries, and assistants are all SDP members, you know. They overreacted, threatening to fight for the ouster of U.S. bases on Japanese soil. Murayama made no attempt to control them. When you're prime minister, you can't be just a nice guy. There are lots of nice guys who own shops and things like that. But when you're prime minister, a position that comes with a lot of responsibility, you have to be willing and able to control the people under you.

[Shiina] I agree completely.

[Okazaki] The real victim was Hoshuyama. Every day, he'd go to the prime minister's residence and talk with Murayama, the chief cabinet secretary, and the "brains" there. Afterwards, he'd go back to his office and vent his anger to newspaper reporters, so he must have known from the outset that any statement he made, if quoted, would put him at risk. When I telephoned him immediately after the incident occurred, he didn't seem upset. He said, "My views don't agree with those of the cabinet."

[Shiina] They probably told him that his policy wasn't in line with theirs when they fired him. But his prediction came true, so perhaps they should reinstate him. (Laughter)

[Okazaki] Yes, I think they should. It looked as though there was overwhelming support for the Japan-U.S. Security Treaty, but then we had that incident in Okinawa. After that, policy started to moved off into a completely different direction. The Nye Report, which stated that U.S. troop strength would not be further reduced, would

normally have been welcomed. However, they got so far off the track that they started talking about keeping the U.S. military from establishing a permanent presence in Japan. Murayama's preparations got sidetracked, and he wasn't able to suppress the dissenters.

[Shiina] But if Murayama suppressed the membership of the SDP, that would be the end of him. (Laughter).

[Okazaki] That's his most grievous sin.

[Shiina] The Socialist Party changed its name to the "Social Democratic Party," remember? But the old metal signboard on the top of the building that houses the party's headquarters reads "Social Democratic Party of Japan [SDPJ]" remained in place for a while after the name change. I heard that they didn't want to replace it because it would have cost them more than 10 million yen to do so. I also heard that they wanted to leave the old sign there because the name might be changed again.

[Okazaki] Not exactly what you'd call a tight ship.

[Shiina] No, and speaking of tight ships, SDP people are in the vanguard of a campaign to put a freeze on the single-constituency system. I wonder if the Liberal Democratic Party [LDP] will agree.

[Okazaki] They've got a majority, so they might. Under the single-constituency system, most of the SDP candidates will lose. Under the multiple constituency system, if, say, three people are elected, an SDP candidate can squeak by. What we're talking about here is what's best for the SDP. I don't see why the LDP has to defer to the SDP.

[Shiina] The LDP isn't without sin, either. Its members must have formed close personal ties with SDP members over time, and that's probably the reason — loyalties.

[Okazaki] I think personal loyalties are a good thing, but logically, the track they're on will discourage the establishment of a conservative union. Does the majority of the LDP membership think that this is a good idea?

[Shiina] My impression is that they're not thinking much about it.

[Okazaki] If the secretary general decides to hold a general election, will the majority agree?

[Shiina] Probably. And that convinces me that there's really no need for the upper house.

[Okazaki] I see what you mean. (Laughter)

The Cruel Fate of Former Politicians, Former Bureaucrats

[Shiina] It's a good thing that Murayama resigned, but Hashimoto inherited Murayama's cabinet. So, who knows what's going to happen. I don't see any sign of changes at this point.

[Okazaki] Hashimoto obtained a three-party agreement under the thumbs of the SDP. Since he feels it's important to maintain the coalition, he has to listen to what the other members have to say.

[Shiina] But it's also true that since Murayama abdicated, the SDP has to listen to what the LDP has to say. It's just like the old LDP factions: "We'll make you prime minister someday but, in return, you have to listen to us." If the LDP ignores the SDP, then there goes the majority, and that would create problems.

[Okazaki] That's true.

[Shiina] The biggest problem for Diet members is deciding what stance to take. They're told to say what they think, but if they did that, they might lose the next election. That would mean the end of their careers. They need to get reelected, even if they have to compromise their beliefs on occasion. After the process has been repeated a number of times, compromising becomes a habit. (Laughter) At that point, they find themselves agreeing to just about anything. That's what the entire government has been doing over the past two years.

[Okazaki] That's a fundamental truth, and it does make sense. Even LDP members are probably thinking about the next election, and little else. If they're not in power, politicians can't execute any policy. So they go after power, even though that means emasculating the policies they believe in. And there's more to the story than power — if they lose the election, they face unemployment. That's the bottom line, as sad as it may seem. (Laughter) They're willing to change their policies in order to put food on the table.

[Shiina] That's the way things have been going.

[Okazaki] They don't really know that their actions are going to lose the election for them. But rather than making a statement that the newspapers might criticize, they play it safe. Again, compromises.

[Shiina] Well, they only have to earn a certain amount per month to keep life and limb together. Except for the 3 percent of our population that's unemployed, everybody is making a living. So, unless politicians think that they're less employable than everyone else, they can't claim that they'll starve if they quit politics. Why is it that they think they'll end up unemployed? That's what I can't understand. (Laughter)

[Okazaki] I have an idea. I understand that Diet representatives who serve for 10 years are entitled to a pension. How about making those who serve even one term eligible for that pension, even if that means reducing their salaries? Then, they wouldn't feel obliged to make so many compromises after their second term began.

[Shiina] Someone came up with an idea similar to that. Since Diet members are legislators, how about giving them the credentials needed to practice law after they've served one term?

[Okazaki] That's another possibility.

[Shiina] If they can practice law, then they won't starve. (Laughter) If regulations are eased, then lawyers will be assuming a more important role in society. Then there will be a shortage of lawyers. I'm in favor of awarding the same status to bureaucrats who have attained the rank of manager.

[Okazaki] I don't know whether this is still true now, but once upon a time, people who did legal work for 10 or 20 years, for some specific period of time, anyway, were permitted to practice law. At least, people from the Treaties Bureau of the Foreign Ministry were.

[Shiina] Only a few were permitted to do that. That exception needs to be expanded. Then we won't have so many bureaucrats resorting to *amakudari* [literally, "descent from heaven." The term refers to former government bureaucrats who are appointed to responsible positions in private companies, local government, etc.].

[Okazaki] Since you broached the subject of bureaucrats, there's a lot of talk about *amakudari* and about accumulating wealth now, because of Nakajima. But he's not the only one. And the real problem is that pensions for the top-ranking bureaucrats were reduced some years ago, because so many of them were landing jobs in the private sector. I worked at the Foreign Ministry for 40 years. I was an ambassador and when I turned 65, I received a full pension. But that only amounts to 300,000 yen. Former trading company or newspaper employees, even if they weren't executives, receive twice as much. Years ago, if you rose to the position of vice minister or ambassador, you received a pension that you could live on, however frugally. When they reduced our pensions, I assume they were pandering to newspaper criticism or that they believed they were being democratic. I get less than former newspaper employees. When you know what you're facing, of course you try to accumulate wealth. Who wouldn't? When you start doing that, then the more money you can acquire, the better you feel. That's when the situation gets out of control.

[Shiina] Money is a strange thing. When you look at the cash, it seems like a lot, perhaps even too much. But when you look at the figures on paper, you want to add another zero.

[Okazaki] The pension system needs to be reformed.

[Shiina] And we have to allow these people to practice law. We could do both.

[Okazaki] In the old days, the higher your rank, the higher your pension was. For instance, someone who served as a vice minister, then an ambassador, and then chief justice of the Supreme Court (we're talking about the stratosphere) would receive a pension that was generous by anyone's standards. A person in that position didn't have to think about money. He didn't have to rely on the ministry, his employer, for a job after retirement. He didn't have to be a slave to the ministry's interests. He could concentrate on doing what was best for his country. Today, even former vice ministers must rely on their employers to find them a job in the private sector, or they can't make a living.

[Shiina] What's worse is that bureaucrats have to start worrying about this around the time that they become bureau chiefs. They can't wait until they retire. This isn't healthy.

[Okazaki] All that needs to be done is to restore the former pension system. When you consider the size of the budget, we're talking about small change.

[Shiina] There are organizations all over the place that receive tax money. They are where the former bureaucrats line up for their second careers. The bureaucrats are the recipients of that tax money, which they receive in the form of salaries, very generous ones. These organizations have benefited from the pension cuts. The money's there, it's just hidden.

[Okazaki] It isn't a good system from an economic standpoint, is it.

[Shiina] Well, you get a title like "director" or "deputy director." You get a car and a chauffeur. All of this comes out of our national budget.

[Okazaki] If they paid proper pensions, they wouldn't need to provide cars or chauffeurs.

[Shiina] Or offices.

[Okazaki] If they don't want to pay pensions to Diet members who've served only one term, how about establishing an advisory or consulting committee? These people could serve on a committee like that, and be paid a decent salary. That way, they could think about national interests when they begin their second term, instead of their own.

The "Jusen" Problem

[Shiina] They constructed some amazing "intelligent buildings" in subcenters of the city. But no private enterprises have rented space in them. Rather than face the embarrassment of leaving them empty, the Tokyo prefectural government has installed some of its auxiliary organizations there. The prefecture is paying the rent. (Laughter) The rent payments come in, all right, but it isn't real income. The prefecture actually formed one or two more organizations for this purpose.

[Okazaki] They created new organizations to fill the space?

[Shiina] They may have intended to establish them for other purposes, but that's what happened.

Now we're faced with "jusen" [housing loan companies] debts to the tune of 685 billion yen. Everyone's furious about this, because it means a burden of 5,000 yen for each Japanese citizen. I think there's good reason to be furious. Representatives of companies directly involved in the "jusen" problem got together and discussed the matter. They claimed that they have "donated" all they can to the cause. The Ministry of Finance (MOF) offered tax exemptions to creditors that cancel debts. But that still didn't solve the problem, there still wasn't enough money, and that's why the MOF decided to use tax money to pay off the debts. The reason it cites is that unless tax revenue is used, financial instability will result.

When the MOF spoke of "using tax revenue," it had obviously forgotten that the tax revenue is not its property. After the major players in the "jusen" problem had met, it became clear that someone would have to come up with 685 billion yen. It was just as if the MOF had summoned another person to the conference room and asked him to "donate" 685 billion yen. In this case, that "someone" was the citizens of Japan, who are now "interested parties." Our citizens want to know more about the situation, given their new status.

[Okazaki] That makes sense.

[Shiina] And they're angry because they're not treated like interested parties. I understand their anger. The newspapers have reported that each citizen will be contributing 5,000 yen. Some people think that a family of four will have to pay 20,000 yen. But that's not how it works. Payments will be determined by tax bracket, so some people will be paying several hundreds of thousands of yen. Others will pay only 500 yen. We need a more level-headed response to this problem.

Looking at the big picture, we're talking about a 685 billion yen item in a budget that amounts to something

like 70 trillion yen. People are getting apoplectic about one line in a document the size of a telephone book. All the other items in the budget, all the other expenditures, are using tax revenue. What is unfortunate is that there's no open discussion of the budget.

[Okazaki] There wouldn't be any point in discussing it, because nothing ever gets changed.

[Shiina] The reason nothing ever gets changed is that the bad habits of the LDP era linger on. First, each ministry submits its budget request. When they're all added up, the total is too high, and that's when the MOF starts wielding its scalpels. Enter the LDP's divisions, teams of cheerleaders for each ministry, who insist, "This particular request must be approved." Ultimately, the budget goes to the Policy Council, where deliberations take place. At the first session, the chairman of each LDP division puts on his show, explaining why this or that allocation is absolutely necessary. On the second day, in a seven- or eight-hour session, an MOF clerk reads out the budget requests, line by line, each of which is assigned, at the bureaucrats' discretion, a symbol: a double circle, a circle, a triangle, or an X. For instance, someone will read, "A request from the Environment Agency for something or other in the amount of 350 million yen." Someone else will say, "X," or perhaps, "double circle." These pronouncements are actually reflected in the budget. What the bureaucrats are saying is, "We've done so much work on this. These are our decisions, and you'll just have to swallow them." Once the budget gets to the Diet, no changes are made. But the bureaucrats are supposed to submit any reductions they want to make to the Diet for approval. They just don't.

[Okazaki] After all, there is a Committee on the Budget in the Diet.

[Shiina] When Japan had an Imperial Diet, the MOF drafted the entire budget.

[Okazaki] At the very first Diet session, a lot of cuts were made.

[Shiina] Yes, and there were real debates. Diet members would actually say, "This must not be approved." The finance minister was responsible for drafting the budget, which was then submitted to the Diet for deliberation.

[Okazaki] At the first Diet session, nearly 10 percent of the budget requests were cut.

[Shiina] There were probably additions, too.

[Okazaki] No, there weren't. Remember that those were the days when the clans reigned supreme. Before the Diet was established, the clans drafted their own budgets, in their own interests, of course. The budget

committee must have figured that there was a great deal of deception taking place, and that's probably why it insisted upon 10-percent across-the-board cuts. (Laughter) Later, when the Sino-Japanese War loomed, the military budget was left intact, but cuts in other budgets continued.

[Shiina] Then we started to see cuts in the military budget during the Taisho era [1912-26].

[Okazaki] That's right. In the days of the first Diet session, there was tension in the air. Japan was attempting to have treaties it considered unfair amended, and was also under pressure to demonstrate to the world that it was a civilized nation capable of conducting proper parliamentary politics. All politicians had a sense of responsibility then.

[Shiina] The idea behind that model was that since the government tended to overspend, the voters' representatives would act to curtail frivolous expenditures. At some point, these roles reversed.

[Okazaki] Yes. Now the politicians are asking for larger allocations, not cuts.

[Shiina] If the "jusen" situation is allowed to continue, we're going to be seeing real problems in terms of the government's accountability. The rest of the logic they're using, such as the claim that the financial system will become unstable, or that Japan's financial instability will inconvenience the rest of the world, is very much on the abstract side. When I ask, "Is there really a danger of financial instability?" I'm told, "I can't speak about this in any detail because, if I do, the public will be even more inclined to think the financial system is becoming unstable." All right, but won't the government's statement, "If this situation continues, the financial system will become unstable" add fuel to the fire? (Laughter)

[Okazaki] The same problem arose in the U.S. during the Bush administration.

[Shiina] They must have spent something like 14 trillion yen then.

[Okazaki] But they arrested a lot of people. Not only borrowers who couldn't repay their loans, but lenders, too — many of them. When the rigorous measures taken by the government weren't sufficient, the Americans used public funds, and the public accepted that policy. But Japanese society is a collusive one or they play into each other's hands, and neither the ruling nor opposition parties are willing to support austerity measures.

[Shiina] Well, now they're saying that they will implement austerity measures. But that will take time, and

if too much time passes before the problem is solved, our financial system will be in danger. So, for the public good, they're going to use tax money. When they made that announcement, stock prices actually rose. What bothers me is that when the government says, "We're going to do this," everyone thinks, "They're not going to do that." (Laughter)

In terms of pure economics, even if you establish a large organization to collect debts, and it applies itself to its mission, there's not much chance of success. And the portion of the debts attributable to a drop in land prices has affected everyone, the good and the evil. Which brings me to another question: Why do they have to clean up this mess this minute? What's been lost is lost forever, and the main concern is how and when to do the write offs. I'm not saying that the real estate divisions should bear the entire burden. These companies need to do across-the-board write offs. But when they're told, "Take care of this right away," the answer is going to be the same. The MOF says, "It would be unconscionable to postpone these settlements," and that's what I don't understand.

[Okazaki] If you look at the situation in the long term, you get the impression that the parent companies, the banks, should be able to make the repayments. Interest rates are ridiculously low now, and banks are making a killing. When interest rates are low, people living on pensions are hit hard, and nonprofit organizations find it extremely difficult to stay afloat. The way the system works debts are amortized by shifting the burden to pensioners and nonprofit organizations.

[Shiina] There are certainly regulations that govern the way nonprofit organizations invest their assets, not to mention administrative guidance. A look at the way such funds are invested in other nations tells us that 10-percent rates are quite common, and sometimes even 20- or 30-percent rates. But there are so many regulations in Japan that prevent organizations from making foreign investments, or restrict the number of shares that can be issued. These regulations make it difficult to sustain an organization. If they were allowed to invest their money freely, at the same time accepting the responsibility for their actions, the money would circulate, believe me.

[Okazaki] Yes, if we get rid of the regulations, then something can be done.

[Shiina] If you have a pro like [George] Soros, he might be able to come up with 685 billion yen. If you're determined to make money, it can be done.

Dissolving the Diet

[Okazaki] About the next Japan-U.S. summit, my recommendation is that Japan not make any concessions

to Clinton when he comes here, and that we not give him any "gifts" as far as the Okinawa incident is concerned. That incident caused the formerly strong consensus about the Japan-U.S. alliance to crumble. The current cabinet is attempting to forge a three-party agreement, which will vanish into thin air when the next election is held. We're in a period of transition, so there is no point in making concessions to the Americans. Negotiations should be delayed until we have a government willing to contemplate these matters in a forward-looking manner. The Americans say, "You're telling us to return Futenma to you. In an emergency, will Japan let us use another airfield?" Our side replies, "We can't answer that, but you should return Futenma to us because that's what Okinawa wants." When we ask the Americans to reduce the number of naval personnel, they say, "Then, if the oil route from the Persian Gulf is threatened, are you going to help defend it by mobilizing the SDF [Self-Defense Forces]?" Even thinking about this embarrasses me. These aren't negotiators, they're whining children.

[Shiina] You're right. We were talking about accountability in connection with the "jusen" problem. Even though Hashimoto's in charge now, there isn't the slightest evidence of accountability. All the politicians are renegeing on their campaign promises. We need to hold at least one election in which the voters are asked to judge our politicians. "We've failed to fulfill our commitment to you. Tell us how you feel about that." This has to be said at every possible opportunity. That's the only way.

[Okazaki] They wanted to govern so badly that they were willing to offer the position of prime minister to the SDP, a minority party. The coalition's misguided policies are still haunting us a year-and-a-half later. They'll haunt us even more if a freeze is put on the single-seat constituency system. They'd better put a stop to this nonsense right away. There is no ideal electoral system, anyway. If there were, everyone would be using it. Every electoral system has its pluses and minuses. But the idea here is for the Japanese, who don't seem to be able to break any bad habits, to extricate themselves from the impasse we are now faced with, and to join together in a new start. Quibbling with the electoral system, which is what they're doing, means that they've abandoned this effort, and I find that totally reprehensible.

[Shiina] The single-constituency system comes packaged with the Political Party Assistance Law. When a political party is formed, it receives 40 million yen for each member. I can't understand why they're objecting to the new system when they're being subsidized to such an extent. Maybe some people are having second

thoughts about that, because there have been demands that the amount be reduced by one-third. But whatever the case, they should return the money.

[Okazaki] I understand that there are about 10 SDP Diet members who won seats 10 years ago. They have to serve for 10 full years, or they won't be eligible for a pension, but they don't have a chance of winning in the next election. That's why they're opposed to a dissolution of the Diet, or so I hear.

[Shiina] The decisive date will be June 1. There are 40 representatives who will hit the 10-year mark then. Also, if you've served for three years, you're awarded 3 million yen in severance pay. That makes 170 people all together. I'll bet the Diet won't be dissolved before June 1. (Laughter)

[Okazaki] That's how politics works, and that's the real problem.

[Boxed item: Motoo Shiina, a member of the Diet's upper house, was born in 1930. He holds a bachelor's degree from Nagoya University's Faculty of Science. He was employed by the Electric Power Development Company but left the company in 1979 to enter politics. He served in the lower house from that year until January 1990. In 1992, he was elected to the upper house. Shiina resigned from the LDP in June 1993.]

[Boxed item: Hisahiko Okazaki, born in 1930, is an adviser to Hakuhodo, Inc. and Chiyoda Chemical Engineering and Construction Company. While studying at Tokyo University's Faculty of Law, he passed the diplomatic service examination. During his diplomatic career, he served as ambassador to Thailand. Okazaki retired from the Foreign Ministry in 1992. Among his writings is *From a Century of Repentance to a Century of Hope*.]

Burma

Burma: Senior General Warns Against Disturbances To Peace

LD2105110796 Melbourne Radio Australia in English 1000 GMT 21 May 96

[FBIS Transcribed Text] In a veiled threat to Burma's pro-democracy forces, a senior member of the military regime says anyone disturbing peace and tranquillity will be annihilated. The warning, from army commander General Maung Aye, comes on the eve of a major meeting of the opposition National League for Democracy.

General Maung Aye said internal subversive elements under external influences were trying to undermine Burma's security and stability. In recent days, Burma's state-controlled media has sharpened its attacks on National League for Democracy leader Aung San Suu Kyi, including calls for an end to the public gatherings every weekend in front of Ms Suu Kyi's house.

Burma: Government Arrests NLD Activists in New Crackdown

LD2105114496 Melbourne Radio Australia in English 1100 GMT 21 May 96

[FBIS Transcribed Text] The Burmese government has arrested almost 50 opposition members in a crackdown before a major National League for Democracy (NLD) meeting. As Evan Williams reports, most of the arrests have been in the country, but the opposition expects those in the capital for the meeting to be pressured not to attend.

[Williams] Opposition officials say 44 NLD members elected in the 1990 poll and two relatives of NLD members have so far been arrested, with more every hour. They say the crackdown is aimed at stopping the first meeting of NLD elected representatives, due to take place at the compound of NLD leader Aung San Suu Kyi from Sunday [26 May]. Monday is the sixth anniversary of the election which gave her NLD a landslide election victory but is still ignored by the military.

The regime's leaders have issued increasingly strident state media warnings against any illegal or meaningless (as heard) activities, threatening arrests and punishment. Opposition leaders say they will go ahead with the meeting, but expect a further crackdown or attempts to stop delegates attending.

Burma: Military Detains 44 Opposition Politicians

BK2105120996 Hong Kong AFP in English 1206 GMT 21 May 96

[FBIS Transcribed Text] BANGKOK, May 21 (AFP)—Burmese military authorities have detained at least 44 opposition politicians in the past two days, sources close to the National League for Democracy (NLD) said Tuesday.

Reached by telephone in Rangoon, one source said that some had been picked up in their homes and others had been "taken down from buses while travelling" to Rangoon for a scheduled NLD conference next week.

More people, including at least two spouses, had also been taken into custody—"we are sure about that," a source said—but the NLD tally was as yet incomplete.

The party, led by Aung San Suu Kyi, was planning a gathering between May 26 and 29 which most of the 392 NLD candidates who won seats in parliament in the 1990 general elections were said to be expected to attend.

Following the NLD's landslide win, the ruling junta refused to hand over power and instead cracked down on the opposition.

In a statement last week, the NLD said it would continue to seek talks but that the junta had "yet to pave the way for such a dialogue."

On Monday, a commentary published in all state-run newspapers called on the junta to take decisive action to "achieve final victory" over Aung San Suu Kyi, Burma's leading dissident.

Burma: Japanese Ambassador 'Mediator' Between SLORC, Suu Kyi

OW2105092896 Tokyo KYODO in English 0853 GMT 21 May 96

[FBIS Transcribed Text] Yangon [Rangoon], May 21 KYODO — Japan's ambassador to Myanmar [Burma] is acting as mediator between the ruling military junta and pro-democracy leader Aung San Suu Kyi in a bid to pave the way for political dialogue, a diplomatic source said Tuesday [21 May].

Ambassador Yoichi Yamaguchi met with Suu Kyi for talks at her lakeside home last Friday and again at the Japanese Embassy on Monday after asking permission from the junta, known as the State Law and Order Restoration Council (SLORC), the source said.

Suu Kyi, released after six years of house arrest last July, has long called on the military to open a dialogue

with her National League for Democracy (NLD), which won a landslide victory in the 1990 general election but was barred by the junta from taking power.

The source admitted that Yamaguchi's "silent diplomacy" first of all aims to remove obstacles to a full-fledged resumption of Japanese Official Development Assistance (ODA) for the South Asian country.

"As long as there is no prospect for dialogue, it would be difficult to embark on a resumption of official development assistance that Japanese companies are strongly hoping for," the source said.

Since her release, Suu Kyi has met with the ambassadors of many countries, but the source noted that Yamaguchi is the first to also maintain dialogue with SLORC, providing him with opportunities to mediate.

"He is advising the government as a friend. It is also the wish of Japan that this country moves in a good direction," a Japanese Embassy source said, while refusing to reveal whether Yamaguchi's efforts so far have been of any success.

"If the content of the talks becomes public, any progress made will evaporate," the source said.

Japanese businesses feel the ODA freeze is a disadvantage in making inroads in the Myanmar market alongside European and U.S. competitors, and are pressuring Tokyo to resume aid.

Delegations from Japan's major trading houses and general contractors have been flocking to Myanmar since late last year in anticipation of a lifting of the ODA freeze, which Tokyo said would be gradually removed hand in hand with democratic liberalization.

In a column published by a major Japanese daily last month, Suu Kyi denounced advocates of "precipitate economic engagement" accusing businessmen, including "big Japanese companies," of colluding with a system "that is undermining the moral and intellectual fiber and, consequently, the economic potential of our nation."

Burma: Article Warns Against Future Disturbances
BK2005074696 Rangoon MYANMAR ALIN
in Burmese 17 May 96 p 4

[Article by Ko Yin Ye Gyan: "Let the Cycle End"]

[FBIIS Translated Text] I couldn't decide whether I should blame myself or not, because I don't know anything about politics. I don't understand it, but I know it concerns all citizens. A group of people can distort the meaning of politics and define it in many ways, becoming a lone-hero, and confused followers cheer

this group. Complicated politics get caught in a vicious cycle and untoward things happen. It is worrisome for the future.

It is necessary to give an explanation of the country and state. The state means sovereignty of the country, and the perpetuation of this sovereignty.

The country means a geographical territory, which is a designated boundary based on the sovereignty of the community or nationality residing in a stable and united manner in the country.

That is why we cannot visualize the state and country separately. They cannot be separated. A state can only exist if there is a country, and vice versa. Without a country there can be no state, and vice versa. The inconsiderate action, which may lead to the disintegration of the state, by people who misunderstand the state and country, who only talk about democracy, and who regard themselves as political pundits, is very dangerous.

The 1988 disturbance, which has been labelled as the democratic movement, began from the mishandling of a tea-shop brawl. A small spark caused the fire that eventually engulfed the whole building. Everybody knows who was involved and what role they played.

There is weakness in every social organization (government/party) that comprise human beings. I suffered under the one-party system. To a certain extent, I was also affected by the demonetization. Whatever one may say, the fact is that the people are afraid of a recurrence of the 1988 disturbance, which was caused by the general dissatisfaction and the timely involvement of left wings, right wings, and instant politicians.

The storm of anarchy that intensified day-by-day settled down when the Defense Services took responsibility for the state on 18 September 1988, but it was not completely settled. The military government had to give importance to community peace and tranquility, and prevalence of law and order until the elections. The free and fair elections could not have been held in the absence of the community peace and tranquility, and prevalence of law and order. Some political parties and people with poor vision ignored this fact and criticized the military government's efforts to bring community peace and tranquility, and prevalence of law and order.

The military government, however, held the well-known free and fair multiparty democratic general elections on 27 May 1990. I would now like to talk about voters like me. Frankly, we didn't know how to appreciate the vote to which we were entitled. We were not exposed to the voting under the parliamentary democratic era. Eighty percent of the eligible voters were like me during the 27 May 1990 election.

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I am not saying this without reason. The party [referring to the National League for Democracy, NLD] that claims it won a landslide victory got 38.11366 percent of the votes from eligible voters. That is less than half the number of eligible voters, but these votes were not given to this party because the voters relied on or supported it. Instead, they were votes of anger and confusion. The people did not vote for this party because they disliked the military government's administration, they voted for this party because they wanted the major rival party — a party formed by the former [Socialist] government [referring to the National Unity Party] — to lose in the election. This happened because the memory of demonetization was still fresh in our mind. One can now see this of the election that took place six years ago.

There were various problems after the election. Among them were demands to convene the Assembly, and transfer power. Some people formed parallel governments. Had the power been transferred after the election would we be able to see the various enjoyable scenes that we witness in our country today? Would there be merit-making ceremonies with songs and music? Would the country be developed? Would there be modern cars and buildings? Would the temples and pagodas be glittering with gold? Or would we be like the people of Bosnia?

One does not need to consult a soothsayer for an answer. The country would be in a mess and would surely disintegrate. It is because the well-known party [referring to the NLD] for which I voted, has a series of political objectives but little or no administrative or managerial experience. The nature of the party is to push and do what the low-level party members desire. In reality the responsible leaders, who talk nonstop about democracy, acted like dictators or heroes in their decisionmaking; therefore, the party faced many problems.

These problems affected the party's implementation of internal party issues, which were difficult to resolve. One cannot use a quick remedy to resolve the country's affairs.

Another point is that power cannot be transferred without a constitution. The constitution cannot be written as if it were a novel, with the author expressing his or her fantasy. One cannot just translate and copy from another constitution. This issue does not concern just one person or one party. It concerns the whole country, it is essential for the country. There are needs that depend upon the situation.

That is why the National Convention has been held. Due to the influence of one person [referring to Aung San Suu Kyi], the well-known party [NLD] gave priority

to party politics and turned its back on the National Convention. We outsiders have difficulty figuring out whether the party is using the respectable people [NLD leaders], or the respectable people are using the party for their own interests.

There are many party leaders and they try to outdo each other. They are in a cycle of flattering each other. Two advisers [referring to NLD vice chairmen Tin Oo and Kyi Maung] were released last March on Golden Jubilee Armed Forces Day amnesty. There were rumors that they were going to practice religion and meditation. They also indicated to their colleagues that they were fed up with the politics and were not going to engage in them. Not long after their release, the wise lady [referring to Aung San Suu Kyi] was freed after the restriction order on her was revoked.

She witnessed and realized the military government's magnanimity and praised it for her release, although she should not have. There were comments that the military government was considerate. The present Defense Services government is a military government and not a democratic government. In ruling the country, it does not use orders and decrees to suppress the people. Instead, it rules according to the law. By taking into consideration past and present aspects, the military government relaxed the legal actions taken against her. It shows that the military government values human rights. Even great democratic nations do not have this sort of tradition.

She only sees the demolition of road-side slums, and refuses to see when these people are given rooms in a building with running water and electricity. Her claim that the military government violates human rights was meant to gain the laymen's favor, but comes off sounding like a cheap joke.

The three wise people [Suu Kyi, Tin Oo, and Kyi Maung] regularly get together and hold roadside chats. I was surprised when I learned from a person who attending one of these roadside chats that they, with no consideration for commuters, demanded that the Ministry of Home Affairs officially close down the road during their chats. I said to myself: The more you get, the more you want. While we witness the magnanimity of the state government every week, we are also witnessing the three roadside advisers' disregard for other people's wishes and existing circumstances, lack of understanding, boldness, and lack of integrity. I was concerned when I heard they are not only engaging in plain talk, but are now instigating the people.

The worst thing that took place was the call to convene the Assembly through the old formula, the Gandhi

tactic. They dispatched letters to the authorities, distributed letters among the people, and also sent them to a big country's radio station [referring to the BBC]. They tried to exaggerate the issue. The rumor is now going around that the elected representatives will get together to make demands before the 6th anniversary of multiparty democratic general elections, to be held on 27 May 1996. It has been learned that they have already sent the invitations. The people are anxious and do not know what will happen.

Those who disrupt or destroy the achieved political stability will be held responsible for their actions. As a member of the public, I would say that the efforts of those who put politics above the country's affairs and who work to gain power for their party and leaders do not really represent the desire of the present day public. Their act would be similar to a blind elephant rushing into the jungle.

I hope for the end of the cycle of grief, fear, and anxiety.

Burma: Article on USDA Role; Warns Against Destructive Elements

*BK1805095596 Rangoon MYANMAR ALIN
in Burmese 17 May 96 p 6*

[Article by Maung Saw Tun]: "Patriotic Youth Force"

[FBIS Translated Excerpt] The Union Solidarity and Development Association [USDA] is a national association and force. Similarly, it is also a national front. This association is founded on the patriotic youth force, on which the national races can rely in the future. Based on the spirit of patriotism, the national races — regardless of their race, religion, and sex — are joining the association of their own volition. They have become members of the association to carry out a national duty. They have political, economic, and social views as well as self-initiative.

The public has not forgotten the calamity of 1988 that blemished not only Myanmar [Burmese] history but also world history. In particular, today's youths, who were then more innocent, remember the 1988 disturbance well. They have never experienced such a dangerous and frightening situation in their lives. People were possessed by demons and became irreligious. Goodwill, kindness, rejoicing in one's success and prosperity all dried up. There was anarchy; nobody was secure. Today's youths do not like this sort of situation. The youths and the public desire the stability and tranquility of the state. The public and youths have taken it as a national duty to prevent any danger that could lead to a 1988-type situation. They are opposing and ostracizing all those who are working or conspiring to destabilize the country. It is the duty of the public to annihilate

those who destroy and infringe on the tranquility of the state. The youth mass is ready to participate from the forefront.

Some power-hungry people are saying quite untruthfully that the 1988 disturbance was a democratic movement. Their tune is similar to the tune of instigation on the former colonial power's air waves [referring to the BBC]. It is necessary to scrutinize those who participated in and led the 1988 democratic movement, which is only eight years old. Everybody still remember the situation. It was instigated over the former imperialist's air waves. A handful of power-hungry people exploited the situation. The Indo-Burmese killed and mutilated people without fear. Labeling the beheadings, murders, arson, looting, robbery, and bullying as the democratic movement is equivalent to the wholesale destruction of the essence of democracy. Those who call themselves great leaders of the democratic movement know very well whether they were able to control the hysterical crowd during the anarchy. It is very shameful when elderly people who are approaching death's door keep on lying time and time again. They are engaging in crime, not only from the legal point of view but also from the religious point of view, by lying to the people while the whole country knows about the situation.

The patriotic youth mass knows the truth. They should know that this youth mass is not like the one that was established by the so-called democratic heroes, who talk a lot and tell lies to the people. Today's youth mass has established a youth organization that is different from the one that was established by the ruling party, which attracted youths with enticements. To gain favors, various youth organizations were formed by the former ruling party. [passage omitted on the fall of these youth organizations due to lack of a strong foundation] This is a natural phenomena. The name of the so-called democratic hero, a former socialist, was at the top of the list of names responsible for such collapse. It is now amazing to see that that particular person is trying to distance himself from the event. He should maintain his mores and integrity.

[Passage omitted on nurturing youths in the USDA]

The people who say malicious things about nurturing youths in order to reach noble objectives for the country's future are low-class people. These are people who will die within five to 10 years. They don't want to see the country become peaceful, tranquil, modern, and developed after they leave the scene. They desire turmoil in the country. A person with a love for his country will put the youths, who are future leaders of the country, on the right path. That person will also make sure that the youths are patriotic, and they can

also fully and energetically take up the responsibilities of the state. If you don't have faith in these tasks, who will believe in you when you say you love your country?

The patriotic youths, who are members of the USDA, are self-reliant; they have their own initiative. They have conviction and are full of confidence in themselves. Their strength, which is growing year by year, is used for the state; it is for our nationals. By using their strength, they will oppose anyone who will infringe and disturb the stability of the state. They will also isolate these elements in society. The youth mass will join hands with the public to totally remove these destructive elements if they try to disturb, damage, or destroy the state.

Burma: Article Lands Former Leaders, Warns 'Destructionists'

*BK1805101896 Rangoon MYANMAR ALIN
in Burmese 16 May 96 p 6*

[Article by Tun Myint (Shwe Hinth), chief court advocate: "Talking to the Extreme"]

[FBIS Translated Excerpt] While planning to write "Talking to the Extreme", I became aware of the words Dr. Ma Tin Win said during her talk on "Great Historical Facts of This Land." She said: "I am not ashamed. We were subjugated. We lost the war with the British. We lost the war, but we never surrendered. Look carefully at Myanmar [Burmese] history." [passage omitted on Dr. Ma Tin Win's description of Burmese courage]

The alertness and courage of the Myanmar [Burmese] people that she mentioned was not sheer elaboration. Her presentations were very valuable ones made against the background of world history. Russia, one of the most powerful countries in the world, was under the rule of the Mongolians for more than 300 years while the British colonialists were able to govern Myanmar [Burma] only for about 60 years. Compare and see whether the Myanmar people were courageous or not. Although the Myanmar people do not know the true value of Myanmar, the world definitely knows.

Whenever one wants to comment on a country or a system, one should compare it with a human being. A person striving to be prudent, knowledgeable, and successful is certain to have reviewed his life's lessons through his own personal experiences. Since he is striving to be prudent, he is unlikely to be discouraged when he finds his own faults, and nor will he become too conceited. The reason is that he knows his life and he knows which path to follow.

Likewise, we should be like this prudent person in reviewing our country. People who do not know anything

about politics, economics, and national development can never emulate such a person. One will just think highly of what others have to say and keep on talking according to one's fancy. The author has to pen this article because there are such persons in the country. Only a prudent person's knowledge of the country should be praised. There is no need to praise imprudent persons'.

There is progress on all fronts in the country, no matter from which point of view one looks at the country. [passage omitted on negative outlook on country's situation] There are those ignorant of democracy who refer to the past era of 26 years ago [under the Burma Socialist Program Party] as a bitter era. Such criticism shamefully ignores the democratic path marked out by the leader of that era. People making such criticism either have nothing to contribute or know nothing about this era. [passage omitted on ignorance] Understanding one era will prepare one to automatically understand what is to be done in the subsequent era. This is political discretion; this is economic discretion. Anybody can clamor in emulation of major democratic powers. The prudent persons mentioned above are not included in this category.

[Passage omitted on phenomenon of change in political eras] Those who are not well versed in historical developments tend to look down upon the leaders of previous eras. They speak as they wish without thoroughly observing the country from various angles.

[Passage omitted on insurgency hampering economic development]

The coming to power of the Revolutionary Council [in 1962] is justifiable if one views the events as an adult. Do not attack it recklessly. It was a socialist dream that was presented in accordance with what was in vogue at the time. [passage omitted on praise for Revolutionary Council] That government was incomparable, with the exception of its economic performance. However, there was much criticism later due to subversion and opportunists taking up their positions. [Passage omitted on the author's view of the government of the time] They were well aware of the possibility of practicing a market oriented economy or a capitalist economy. They were worried about our citizens coming under the influence of a major power without realizing their plight. They were respectful of and loyal to the aspirations of the ancient Myanmar leaders. In his speech around 1980 U Ne Win referred to an event when the pound sterling financiers tricked the Myanmar Government. This is just an example to show that the Myanmar leaders were not incompetent. They systematically managed the national affairs.

When the leaders finally decided to bring foreign investments into the country, the power-seeking opportunists — who used democracy as a pretext — dragged them into the disturbance [of 1988]. For the country, some positive things emerged from the disturbance. It opened up the eyes and ears of both the government and the public. Realizing that it had to look after the welfare of the public, the government has been working harder and putting more effort into its undertakings. The people also realized that they have to work; they can't just sit and do nothing as before. One can say these are positive results that have emerged from the disturbance. Is there anything that the Myanmar people are weak at doing? History will be written in the future. There is no such country in this world that has stopped working because it has achieved all its goals. Even the big countries are attending to their own businesses. It is same for the small countries. One cannot finish one's work with words alone. The author would like to remind these people to try to understand their country.

Try to have an affection for the former leaders without blaming them. They wanted Myanmar to be Myanmar; they wanted Myanmar to be a prosperous country. They respected and were loyal to the leaders before them. I think today's leaders are like former leaders. Today's leaders are considerate toward their citizens, know about the past, and also know how to forecast the future. They don't put bait where fish make ripples. Moreover, they have to keep an eye on the opportunists and destructionists. The above-ground and underground destructionists always become active whenever Myanmar people gradually forget about them. By the way, the people, who forgot about the noble Myanmar traditions, should lessen their extreme criticisms and come to their senses.

Burma: Christian Karen Group Ignores Threats From Rivals

*BK1605050996 Bangkok THAILAND TIMES
in English 16 May 96 p A2*

[Report by Aisawis Phaitwong]

[FBIS Transcribed Text] Bangkok — The Karen National Union (KNU) guerrillas have dismissed a Democratic Karen Buddhist Army (DKBA) threat to launch a massive offensive against them if they refuse to surrender, according to a KNU officer.

DKBA leader U Thuzana reportedly issued a statement to KNU leader Gen Bo Mya, demanding his capitulation and the immediate commencement of negotiations.

The KNU officer, who spoke on condition of anonymity, said Bo Mya ignored the threat and sent more troops to

retake its strongholds from the DKBA, which have been under their control since April.

The source said the KNU managed to retake another military base, Mae La-ar, opposite Ban Nong in Tha Song Yang District.

Deputy Lt-Col Kyaw Pew led 150 soldiers from the KNU's 21st Battalion in the two-day assaults, killing three DKBA soldiers and forcing more than 100 DKBA troops to flee the base. The KNU also managed to seize five M16 assault rifles and 1,000 bullets after the battle.

The KNU earlier was able to retake two bases along the border — Pulpaw at the end of last month and Nor Ta at the beginning of this month — capturing a large number of weapons.

The Burmese Government has so far shown no interest in getting involved in the conflict.

The DKBA broke away from the KNU in December 1994 and joined forces with the Burmese Government in its campaign of genocide against various dissident minority groups, including the KNU, which has been struggling for independence for almost 50 years.

However, the DKBA is reportedly now in conflict with the Burmese Government, which recently called upon the group to surrender its arms. The call for their disbandment was in reaction to brutal raids against civilians, both in Burma and across the border in Thailand.

The rogue band of thugs has killed, raped and robbed civilians, burnt down entire Karen refugee camps, and engaged Thai troops in their campaign of terror, which authorities on both sides of the border have so far been unsuccessful in combating.

Burma: Academic Views SLORC-KNU Negotiations
*BK1805111996 Bangkok THAILAND TIMES
in English 18 May 96 p A4*

[Article by Kanbawza Win: "Are the KNU Days Numbered?"]

[FBIS Transcribed Text] The Karen National Union (KNU) that forms the main part of the Burmese resistance movement has completed its second round of talks for a cease-fire agreement with SLORC (State Law and Order Restoration Council). They have called for a Central Committee Members' meeting to evaluate the outcome.

The 12 points proposed and the rejections together with a counter proposal by SLORC has already been outlined by Padoh Mahn Sha in the media. The very fact that the KNU is compelled to agree to cease-fire talks inside the

country on SLORC's terms demonstrates its position of weakness. On the other hand, if it does not respond to the talks it would be labeled as an organization that does not want peace and would fall into the trap of SLORC's propaganda machine.

This is the picture that has been accepted, or rather, painted, by the KNU and its sympathizers. But traveling to the jungles and talking face to face with the majority of its leaders seems to depict quite a different scene. The crux of the crisis is disunity and the vested interests of some of KNU's influential leaders.

The dividing line can be drawn between the poor patriotic Karens, the underdogs who have carried the torch of resistance for nearly five decades and the rich leaders, who have accumulated enough wealth and desire to live in peace, whatever the cost. Those harboring these vested interests are the ones who send their offspring to foreign countries for further studies and those who have connections with their Thai counterparts, either through marriage or through business dealings and have been greatly influenced by the Thai National Security Council led by its de facto spokesman Mr. X.

A fair argument made public by SLORC in every cease-fire agreement was that the proponents were to stick to their guns until the peace agreement is reached. Now with the cease-fire talks and sensing the kill, they have come up with their usual rhetoric of "coming in to the legal fold and renouncing the armed struggle" which is tantamount to complete surrender without conditions.

If the KNU goes in for another round of talks with this factor in mind, then the world will soon be witnessing yet another scene of betrayal of the people by its leaders, similar to what Khun Sa had done to the Shan and its Mong Tai army. To be candid, the wording used by SLORC "to come to the legal fold and to renounce armed struggle" is what they themselves should practice. They should come into the legal fold and renounce their armed atrocities committed against the people of Burma, for the legal government is the National League for Democracy (NLD) led by Daw Aung San Suu Kyi, as was mandated by the people in 1990.

Article 21 of the UN Declaration of Human Rights clearly says that "the authority to govern must be derived from the people" and SLORC has been governing Burma in direct violation of the UN Charter. (Why SLORC was not kicked out of the UN is another topic). This point was already known by the KNU delegation and yet they failed to mention it to SLORC. Why the timidity? Is the KNU delegation afraid to jeopardize the talks? Or are they just towing the SLORC theory of 'might is right'?

The world has known that SLORC still dances to the tune of its great helmsman, the evil genius U Ne Win who has taken lessons of the "Divide and Rule Policy" from British Colonialists. Admittedly, this Buddhist-Christian crisis has been smoldering since the 1980s and the inability of the KNU to nip it in the bud finally lead to the creation of DKBA (Democratic Karen Buddhist Association), resulting in the fall of Manerplaw.

No doubt this split was greatly orchestrated by SLORC who now sees another crack in the KNU in the form of denomination. The Seventh Day Adventists and the Baptists, including other denominations such as the Anglicans are labeled by SLORC as the "Sunday Group" and the "Saturday Group". That is why in the first talk they included the General Secretary of the Burma Baptist Convention, Saw Margay Gyi, as one of the neutral observers mutually agreed upon by both sides. If SLORC is sincere in its desire to have a religious representative, as the majority of the Karen delegation are Christians, then they could have invited the General Secretary of the Burma Churches Council, Saw San C Hlay and other Karen Christians who would represent all Christians in Burma. Why be fishy?

Half a century since the KNU embarked on its armed resistance, the world has changed a lot except for the KNU leadership. Perhaps in this aspect, they have taken a page out of U Ne Win's book, the de facto if not de jure leader of Burma. But U Ne Win is wise enough to pump in young blood such as Khin Nyunt and Than Shwe, whereas most of the KNU leaders are on the wrong side of the seventies if not the sixties. This is so much so that the SLORC generals have to address them as Phati (uncle) which is a situation that could hardly produce young and able leaders.

This trend also resulted in driving young Karen intelligentsia out of the KNU fold and indirectly encouraging them to search for greener pastures. The old guard could not comprehend that the weapons of the ethnic wars have changed from guns and cannons to television cameras and computer internets and other sophisticated information technology. The classic example of this change was Saddam Hussein's Gulf War, where a substantial number of reporters and newsmen happened to be in the right place at the right time. Their reports were so effective that world opinion was moved which finally forced the UN to set up a buffer zone. This kind of episode cannot be seen, not only by the KNU, but also by the majority of the Burmese dissidents.

In discussions with the brigade commanders operating inside Burma, I discovered that they have meticulously documented all atrocities, including several killings, that SLORC soldiers have committed in their respective

areas, but with the absence of cameras or televisions there seems to be no proof. Even when Manerplaw fell, there was not a single reporter or camera crew to document the episode, with the result that the world does not know that the headquarters of the Burmese aspiration for democracy, human rights and self determination has fallen to the might of SLORC's military machine. No news of it was on Star TV nor any other electronic media, except for the sympathetic Thai printed press. Soon, the sad episodes were forgotten.

The mode of war has also changed drastically. We are essentially fighting economic wars. SLORC, because of its resources both in men and materials, has been able to marginalize the opposition. Why can't the dissidents use the expatriate economic experts so abundant in this part of the world? Simple logic says that no one is urging them to become part of a terrorist organization, but sometimes it is feasible to use these techniques so numerous in the world. When the IRA switched its techniques in fighting the British and began to concentrate on economic targets such as blowing up a bomb in central London without any casualties, thousands of American tourists stayed away from Britain. This finally led to negotiations.

Only young energetic persons can think along these innovative lines. New strategies and tactics cannot easily come to the old conservatives who simply ask, what can the television camera do? On the whole, most of the Burmese dissidents at the border areas either did not or would not marshal the support of the Burmese intelligentsia abroad, especially those with an economic background such as the Birmanie Francais Association.

This group could have been helpful to get the name and address of the shareholders of TOTAL, which is building the gas pipeline, or the numerous American based Burmese associations to tackle UNOCAL and explain things to these shareholders as to what their companies are doing. This is just one vulnerable point in the economic war. There are many which could not be mentioned due to lack of space.

In this part of the world where the truth follows the rumors, it has been said that as a result of the Thai prime minister's trip to Rangoon, SLORC would now prohibit its scapegoat DKBA from intruding into Thailand to attack the Karen Refugee Camps with the understanding that Thai authorities would eventually move the refugees back into Burma. Hence, they have now started placing these unfortunate refugees in the vicinity of the Burmese army. Burmese blood for economic gains, being one of the fruits of "Constructive Engagement," is obvious.

The very fact that, unlike the cases of the Laos, Cambodian and Vietnamese refugees, the UNHCR (United Nations High Commission for Refugees) and the UN-BRO (United Nations Border Relief Organization) were unable to set up their offices in Western Thailand for the Burmese refugees, proves beyond doubt the connivance of the Thai and Burmese governments. My discussions with the refugees helped me come to the conclusion that the KNU will have to sign a cease-fire agreement for their own survival. Otherwise the DKBA could make things difficult for them. This is also one of the factors playing in the signing of the cease-fire agreement.

In the entire history of Burma or Thailand, the DKBA is the only example where religion is used as a pretext to cause havoc. Even though their tactics are very much categorical to the teachings of Lord Buddha, the two Theravada Buddhist countries of Burma and Thailand are finding it a good pretext to condone them to attain their means.

Because of unfavorable circumstances, if the KNU is to sign the one sided cease-fire agreement, it will be a great blow to the other para Myanmar groups that are still fighting against SLORC, such as the ABSDFs (All Burma Students Democratic Front's two factions), the DPNS (Democratic Party for New Society) as well as other members of the DAB (Democratic Alliance of Burma) that are still holding out to this day. Moreover, the three million Burmese expatriates, most of whom are professionals and have now come around to near unity, will be greatly disheartened.

It will also tantamount SLORC's theory that there is no such thing as the 1988 episodes and that only a few misguided youths have taken sanctuary with the KNU, who should be lulled back to the legal fold by the KNU. SLORC is ready to recognize the aspirations of the ethnic groups but will not budge the Myanmar groups fighting for democracy and human rights as this will shake its very foundation. That is why it will not negotiate with the ABSDF or any other Myanmar oriented groups including the NLD led by Daw Aung San Suu Kyi.

But the unkindest cut of all will be that hundreds of thousands of patriotic Karens and other minorities, as well as the pro democratic forces, will have sacrificed their lives in vain because of the vested interest of the few present leaders to sign a cease-fire agreement. Lamentably the struggle for democracy and human rights, including the legitimate rights of the ethnic minorities, will be set back for more years to come if the KNU days are numbered and they surrender to the unfair cease-fire agreement.

Burma: Khun Sa Given Concession To Run Bus Routes in Burma

BK2105052996 Bangkok **BANGKOK POST**
in English 21 May 96 p 6

[Unattributed Report]

[FBIS Transcribed Text] The Rangoon junta has given Khun Sa a concession to run bus services on three lucrative routes, a source said yesterday.

The services, starting in June, will run on the Rangoon, Taunggyi, Taunggyi-Lashio and Loi Kaw-Tachilek routes.

Khun Sa was in charge of the Mong Tai Army until his January capitulation to the State Law and Restoration Council, which rewarded him with the bus deal as one of many business privileges.

Under the deal, he said, Khun Sa will pay only half the concession fee levied on ordinary bus operators. The buses and vans to be put into service have been bought from companies in Rangoon.

The source said Khun Sa may be looking to use the bus business to launder his enormous wealth generated from the heroin trade.

Burma: Opposition 'Resolution' Argues Against Investment

BK1905162196 (Internet) *BurmaNet News in English*
18 May 96

["Special resolution" of the Fourth Conference of the National Council of the Union of Burma issued "in the liberated area inside Burma" on 16 May]

[FBIS Transcribed Text] Resolved:

1. That investment in Burma current or in the future will have no effect:

(a) on Burma's inflation and the living standard of the people.

(b) on the current and future income of the people and it will not stem the flow of thousands of Burmese people seeking employment in neighboring and foreign countries to escape suffering and poverty.

(c) on the forced labor situation regarding infrastructure projects and the resulting human rights abuses

(d) on the stemming of the tide of Burmese refugees in neighboring countries.

(e) on the living standard and the human rights situation of the ethnic nationalities, including those who have entered into cease-fire agreement with SLORC [State Law and Order Restoration Council].

2. That investment in Burma current or in the future will only be beneficial to SLORC for the following reasons:

(a) increasing the individual wealth of SLORC members and their supporters.

(b) increasing military expenditure resulting in the military expanding to over 300,000 and its security agencies.

(c) increasing SLORC's financial confidence resulting in a complete disregard for Daw Aung San Suu Kyi's persistent calls for dialogue towards national reconciliation, and also the National League for Democracy's latest demand for the convening of the People's Assembly.

(d) increasing mass relocation and forced labor to carry out investment projects in Burma.

Dated: 16 May, 1996

Signature

U Teddy Buri, Prime Minister Office Minister, National Coalition Government of the Union of Burma

U Thein Oo, Secretary, National League for Democracy (Liberated Area)

U Tin Maung Thet, President, All Burma Muslim Union

Dr. Naing Aung, Chairman, All Burma Students' Democratic Front

U Win Min, Joint General Secretary, All Burma Students' Democratic Front

U Myint Zaw, Chairman, Democratic Party for New Society

Ashin Khay Marsarra, President, All Burma Young Monks' Union

Khaing Soe Naing Aung, Vice-Chairman, Arakan Liberation Party

Sui Khar, Secretary of Foreign Affairs, Chin National Front

U Tin Maung Win, Chairman, Committee for Restoration of Democracy in Burma

Saw Ba Thin, General Secretary, Karen National Union

B. Kya Oo, Chairman, Lahu National Organization

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Government Welcomes China as ASEAN's 'Dialogue Partner'

BK2105091896 Kuala Lumpur Voice of Malaysia in English 0800 GMT 21 May 96

[FBIS Transcribed Text] Malaysia welcomes the proposal to make China an ASEAN dialogue partner based on the country's importance in the region.

Foreign Minister Datuk Abdullah Haji Ahmad Badawi says it is time for China to be considered as an ASEAN dialogue partner and not only an observer to the development and activities of nations in the regional body.

He said this to reporters after opening an Islamic challenging course organized by the Penang Regional Development Authority.

He was commenting on the proposal by senior ASEAN officials who met in Yogyakarta in Indonesia last week to make China ASEAN's dialogue partner.

Datuk Abdullah says the proposal is sound as China is not far from ASEAN and is also a member of the ASEAN Regional Forum on security.

Malaysia: Cambodian Political Instability Concerns Government

BK1705123496 Kuala Lumpur NEW STRAITS TIMES in English 16 May 96 p 4

[Report by Alex Choong]

[FBIS Transcribed Text] Kuala Lumpur, 15 May — Malaysia, concerned with the political situation in Cambodia, will support its coalition government, Foreign Minister Datuk Abdullah Ahmad Badawi said.

He said he had conveyed to the coalition Prime Ministers, Prince Norodom Ranariddh and Hun Sen the concern of Prime Minister Datuk Sri Dr. Mahathir Mohamed on the latest political developments in Cambodia.

Abdullah, who returned yesterday from a two-day working visit to Cambodia, told a press conference today that Malaysia had expressed its concern over the prospect of political instability in Cambodia.

"I have stressed to Ranariddh and Hun Sen that Malaysia supports the coalition parties in Cambodia and their leadership," he added.

He said Malaysia would like to see Cambodia continue to enjoy political stability and become a safe place for investors.

Abdullah said Malaysia had encouraged Malaysian investors to invest in Cambodia, adding that their participation would help in the reconstruction of Cambodia's economy.

He also said Malaysia would continue to provide technical assistance to Cambodia.

Abdullah said there were problems between the coalition parties that could threaten Cambodia's political stability.

To a question about his talks with Ranariddh and Hun Sen, Abdullah said: "Both have given an assurance that they will work together to ensure political stability in Cambodia."

"Both have also expressed their gratitude for Malaysia's support and concern on the situation in Cambodia."

The leaders also discussed bilateral issues and Cambodia's preparation to become an active member of the Asia Europe Summit Meeting and also ASEAN.

On whether the present political situation would affect Malaysian investors in Cambodia, Abdullah said it had not reached that stage.

Commenting on a statement yesterday by Eiichi Furukawa executive director of the Japan Centre for International Strategies, that five years after proposing the East Asia Economic Caucus Dr. Mahathir had finally triumphed, he said:

"Developed nations have now recognised the process of working together."

Abdullah said this could be seen from ASEAN plus three (Japan, South Korea and China) working together at several forums.

Furukawa, in his column in the JAPAN TIMES said that Japan which had in the past avoided directly supporting EAEC [East Asia Economic Caucus], had signalled an end to its opposition by announcing in February its participation at next month's meeting of East Asian ministers in Kuala Lumpur to discuss economic potential and developments in the Mekong region.

He had said that the ministerial meeting on support and assistance to the Greater Mekong region was actually an EAEC meeting.

Furukawa argued that two developments in the past one year had brought about Japan's change of heart towards EAEC — the United States' dropping of its opposition to the forum of consultation and cooperation among East Asian countries and a similar move by Australia.

The EAEC concept has gained strength in the past year with U.S. Assistant Secretary of State Winston Lord saying his country was approaching the EAEC in a spirit of cooperation and did not want it to become a contentious issue.

Another obstacle to Japan's participation in the EAEC had been the opposition by Australia.

But after the Australian general election in March, the new government had dropped its opposition to the EAEC, with Foreign Minister Alexander Downer saying that the previous government had made a diplomatic error in opposing it.

Malaysia: Kelantan Sultan Criticizes State's Islamic Government

BK1905123896 Kuala Lumpur SUNDAY STAR in English 19 May 96

[Report by Shamsul Akmar and Nick Leong — received via Internet]

[FBIS Transcribed Text] Kota Baru — The Sultan of Kelantan yesterday took the PAS [Pan Malaysia Islamic Party]-led state government to task for failing to implement hudud [divine] laws.

Expressing disappointment with the state government for failing to implement the laws, the Ruler said he had yet to see steps being taken to implement the Islamic penal code.

"As the head of Islamic affairs in the state who is entrusted to ensure the sanctity of the religion is observed, I am deeply saddened that the laws have yet to be implemented," he said in his speech at the state-level Maal Hijrah [Islamic New Year] celebrations.

He said he did not want to see efforts to implement the laws die off "just like that, especially if it is because we do not put in enough effort to pursue it."

Also present during the function were Mentri Besar [Chief Minister] Datuk Nik Abdul Aziz Nik Mat, his deputies, state executive councillors and leaders from PAS and Parti Melayu Semangat 46 [Malay Party of Spirit 46].

It was the Sultan's first public appearance with Nik Aziz and the state exco [executive council] since the mentri besar started criticising the Ruler over alleged interference in the state administration.

The Sultan said the laws were a religious obligation and as such, must be implemented immediately.

"As a constitutional monarch in this state, I am very receptive to the efforts of my state government to take the state constitution towards one which is more Islamic.

"That is the reason why, when the enactment of the laws was unanimously passed by the state assembly, I immediately gave my royal assent," he added.

The Sultan said he had acted in a similar manner on other enactments passed by the state government.

He said he understood that any effort in implementing Islam faced hardship.

"However, such hardship should not be a factor in stopping us. The hardship we face in implementing Islamic principles is nothing compared to that faced by Prophet Muhammad," he added.

Malaysia: Abdullah Says Ties With India Not Affected by New Premier

BK1705124796 Kuala Lumpur BERITA HARIAN in Malay 17 May 96 p 2

[FBIS Translated Excerpt] Kuala Lumpur, Thursday — Foreign Minister Datuk Abdullah Ahmad Badawi said the appointment of Atal Bihari Vajpayee [name as published], India's nationalist Hindu leader, will not affect Malaysia's existing relations with India.

According to the minister, the relations between Malaysia and any country based on existing principles will not be affected should there be any change in the leadership or government after a general election in that country.

Speaking in the parliament building lobby, he said: "A change in a country's government or leader as a result of a general election will not affect our relations with any country, because of the existing principles that we have adhered to all along. Our relations with India will not be affected in anyway, whatever happens there after the general elections.

Abdullah was commenting on the appointment of Vajpayee, the leader of the Bharatiya Janata Party, as Indian's new prime minister and the rejection of his efforts as a leftist to administer the country. [passage omitted on Indian President Sharma giving grace period to Vajpayee to prove the party's majority].

Malaysia: Government To Ensure Bakun Project Not To Burden Public

BK2105100896 Kuala Lumpur THE STAR in English 21 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Penang — The Government will ensure that the cost of energy from the Bakun hydroelectric project will not burden the public, Deputy Prime Minister Datuk Sri Anwar Ibrahim said. He said

the Government would consider all factors, including the cost to consumers and the capacity of the generating company, Ekran Bhd.

On the dispute between Ekran and Tenaga Nasional Berhad [National Electricity Corporation] over the sale price of electricity from Bakun, Anwar said: "The Government will have to come in and negotiate terms because there is apparently a deadlock in negotiations between the two parties."

He added that the Government would have the "final say." "The assumption by certain quarters that we have to bow to Ekran's view is not true. Ekran only submits its proposals which will be studied by Tenaga and the Economic Planning Unit," he told reporters after launching an UMNO [United Malays National Organization] exhibition at Dewan [hall] Sri Pinang yesterday.

"We are not under any pressure or constraints to make a decision now. The Government will only decide after considering all factors. As such the issue of pricing does not arise at this stage."

Tenaga executive chairman Tan Sri Ani Arope had said recently that the national power company would not accept Ekran's proposed sale of electricity at 18.5 cent per unit as it was too expensive.

He was quoted as saying that five million consumers would suffer if Tenaga agreed to Ekran's terms.

Malaysia: Islamic Party Accused of Obstructing Malay Unity

BK1805131096 Kuala Lumpur THE STAR in English 18 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kota Baru — Parti Melayu Semangat 46 [Malay Party of the Spirit of 46] president Tengku Razaleigh Hamzah has accused PAS [Pan Malaysian Islamic Party] of standing in the way of Malay unity.

He said it was senseless of PAS to block efforts to achieve unity after all that the Malays had gone through.

"When the Malays came together nearly 50 years ago, we had nothing, were ignorant and lagged behind other races in all fields.

"But in our moment of glory, some ungrateful people want to disunite the Malays and let everything go to waste," he said during a gathering of Semangat supporters at his residence, Palm Manor, here yesterday.

Speaking to newsmen later, Tengku Razaleigh said Semangat would co-operate with any party for the sake of Malay unity.

"What is wrong with co-operating with others, even supposedly rival political parties if, in the end, it means Malay unity. Islam asks us to strive for unity."

Tengku Razaleigh said he had informed PAS leaders about Semangat's stand upon receiving information about UMNO's [United Malays National Organization] willingness to meet Semangat after the last general election.

"I asked PAS if they would let me speak on their behalf. Nobody can deny this. But the Prime Minister wanted to limit the discussion to Semangat first.

"So why is PAS so angry now to the extent they want to destroy the unity of the people of Kelantan? We are the ones who have reason to be upset. I hold PAS solely responsible if the people here are split," he added.

Tengku Razaleigh said Menteri Besar [chief minister] Datuk Nik Abdul Aziz Nik Mat should not pass judgment on matters in which he was ignorant of the facts.

Asked if Semangat would leave Angkatan Perpaduan Ummah [Islamic Unity Front], Tengku Razaleigh said this would not unite the people.

Malaysia: Defense Minister Views Delayed Delivery of Frigates

BK1905135296 Kuala Lumpur SUNDAY STAR in English 19 May 96

[Report by Charles Fernandez — received via Internet]

[FBIS Transcribed Text] Gemas — The delivery of two frigates to the navy has been delayed because the combat system software for them is not yet available, Defence Minister Datuk Syed Albar Syed Hamid said.

He said the two frigates built by Yarrow Shipbuilders Limited in Glasgow at a cost of RM [Malaysian ringgit] 1.5 billion were ready but would be useless without the combat system.

"If the software for the combat system is not available, the other systems in the frigate will not be able to integrate with one another," he told reporters after laying the foundation stone for the Combat Arms Training Centre (CATC) in Gemas here yesterday.

He said the two frigates were supposed to be delivered and commissioned in March and June but this had been delayed by technical problems.

He said given the present situation, delivery of the frigates is expected to be delayed until at least the end of the year.

He said if the problem is not overcome it would upset the plans made by the navy in terms of upgrading its combat systems.

Syed Hamid announced that under the Seventh Malaysia Plan, four army complexes would be built under the privatisation concept at a cost of RM1 billion.

He said the complexes would be in Bukit Gedong, Penang (RM82 million), the 502 reserve unit in the Defence Ministry (RM66 million), Seventh Brigade in Skudai, Johore (RM56 million) and the Muara Tuang division one unit in Sarawak (RM349 million).

On the CATC, Syed Hamid said the project would be developed on a 15,200-hectare site here at a cost of RM1 billion.

He said phase one of the project would be developed at a cost of RM56 million to house the Regiment 21 Artillery which was currently in Paroi, Seremban.

"The new complex here, which is phase 1 of the CATC project, will be built at a cost of RM56 million by the Public Works Department and is expected to be completed by 1997," he said.

He said eventually all the other units under the army such as the infantry, artillery, armour and engineering would also be stationed at the new base.

Singapore

Singapore: Netherlands Sets Up New Science, Technology Agency

BK1705115396 (Internet) Television Corporation of Singapore WWW in English 0900 GMT 17 May 96

[FBIS Transcribed Text] The Netherlands has set up a new science and technology agency here to promote a greater exchange of technical know-how.

Set up last week, its headed by a senior official with experience in industrial policy.

This was announced by the visiting Dutch Economic Minister Hans Wijers, whose 3-day visit focused on research and development in applied technology.

He said Dutch technical institutes were keen to increase cooperation with their Singapore counterparts. Dr. Wijers also revealed that talks with Prime Minister Goh Chok Tong have highlighted the possibility of closer links between Dutch and Singaporean businesses.

He noted that even though investments were now mostly concentrated in Southeast Asia, he expected Europe

to remain competitive. He added that the Netherlands could be tapped as a gateway to Europe.

Dr. Wijers ends his visit today.

Singapore: Hong Kong's Patten Discusses Issues

BK1705115996 Singapore THE STRAITS TIMES in English 17 May 96 p 50

["Edited excerpts" of interview with Hong Kong Governor Chris Patten by STRAITS TIMES editor Leslie Fong and its Hong Kong correspondent Mary Kwang at Government House on 15 May]

[FBIS Transcribed Text] [Patten] On the whole in politics, "never complain, never explain" is the best advice. But I do take some exception to having what I said completely distorted.

Some have said that I have accused Hong Kong businessmen of betraying Hong Kong — never said any such thing. NEWSWEEK used the word "betrayal" in the headline over a series of interviews with Hong Kong businessmen. Then it has at the end an interview with me in a box with fine words like "betrayal" or "kowtow" in the interview I gave.

But what I said in that, is what I've said before...that people have got to recognize their responsibilities to speak up for Hong Kong.

Why were a lot of Americans disturbed about the independence of our courts in Hong Kong? Because they'd read reports in the FAR EASTERN ECONOMIC REVIEW and their own newspapers that a member of the Preparatory Committee had dinner with judges and told them, in effect, to toe the line.

The perceptions which Americans have of Hong Kong are shaped by what they read in THE WASHINGTON POST, THE NEW YORK TIMES, THE ECONOMIST, THE WALL STREET JOURNAL — all reputable newspapers.

[STRAITS TIMES] Some others might say that there are already people in Hong Kong speaking up quite fearlessly, like Martin Lee and other activists working for a democratic Hong Kong, but obviously, you are thinking of other quarters as well.

[Patten] I'm thinking of those who have China's ear. Take two issues which are important. First of all, the protection of Hong Kong's human rights and civil liberties. Are there going to be people, journalists, who will say to Chinese officials that to dismantle the Bill of Rights would be like, to borrow a (Chinese) phrase, dropping a boulder on your own foot.

Hong Kong is not a notoriously unstable society. It's like Singapore. It's a remarkably tranquil place. We don't need draconian laws on freedom of speech or freedom of assembly.

Secondly, in public life, it's a terrible error to create through your own actions the precise consequences which you claim those actions are designed to avoid. For example, if you try to shut out the democratic forces in Hong Kong completely from the political dialogue — you may not agree with them — if you try to shut them out, you cause trouble for yourself.

Sooner or later, the democratic forces are going to be part of the dialogue. And it would be better if they were part of the dialogue sooner.

What worries me about all this is the negative images sent out to the rest of the world.

In my regular stops, speeches in Canada, the United States, and elsewhere, I point out how much Hong Kong has achieved over the years. I point out that since the Joint Declaration was signed (in 1984) when people were predicting doom and disaster for Hong Kong, our GDP has grown by 9.7 percent in real terms.

And I point out that the things that people were predicting for this stage of the transition — capital flight, tidal waves of emigration — have not happened. Our economy is still incredibly robust.

And I say — when I look at the future — I know that there are these problems that people were focusing on, like democratic development, like human rights, but don't talk and write about them as if a neutron bomb had visited us, as though there weren't 6.2 million very resilient, energetic, committed, capable people living here.

I'm optimistic about Hong Kong because I'm optimistic about the people of Hong Kong.

What Hong Kong has managed to achieve and what it's still capable of achieving, tends to be overshadowed by these disputes about the implementation of the Joint Declaration. And unless we are careful, we are going to see more of that over the coming year.

[STRAITS TIMES] Could it be that the people whom you are counting on to speak up for Hong Kong might actually be doing so, except that they do not do so publicly, that they have found their own private channels, precisely to avoid the endless disputes that might actually work to Hong Kong's disfavor?

[Patten] That is, of course, entirely possible, but I would say that if that's happening, it's one of the best-kept secrets in world history and it's not having any obvious effect.

What created the uncertainty, what unsettled people in the last two or three months, have been things said and done by Chinese officials and by members of the Preparatory Committee.

[STRAITS TIMES] Could you give us examples of issues on which people other than Martin Lee ought to have spoken up?

[Patten] There are three things on which I hope in the coming year, people would speak up. First, the imperative importance of Hong Kong being given in practice the autonomy that has been promised.

Unless we can demonstrate that that means what it says, the skepticism in the international community will increase.

We have to be able to convince the Commerce Department in the United States — to take the obvious example — that there's a difference between Hong Kong and China. We have to be able to convince the credit rating agencies that there is a difference between Hong Kong and China.

Secondly, I think it is absolutely imperative that people stand up for the rule of law and independent courts fiercely and fearlessly discharging their responsibilities, regardless of whether it is the government or the governed which are in court.

And third, Hong Kong has been promised a process of democratization and the protection of its civil liberties, and if that process looks counterfeit, and if those civil liberties seem after all to be under threat, then Hong Kong will be a less stable and successful place.

[STRAITS TIMES] Could I ask you to elaborate on the autonomy bit — in what areas might this autonomy be manifested to the satisfaction of the credit agencies and the U.S. Commerce Department?

[Patten] Well, I think we do satisfy them at the moment and we have to go on doing so. It has to be clear that Hong Kong hands out franchises and contracts on the same basis that it does today.

It has to be clear that Hong Kong is in charge of its own currency, in charge of its own fiscal policy, in charge of its own reserves. It has to be clear that Hong Kong has its own strategic trade controls, that Hong Kong has its own system of coping with the integrity of intellectual property.

It has to be clear in other areas of trade that Hong Kong has a system that is respectable and respected. It has to be clear that Hong Kong's police will still be a respected law and order agency in the international community which others will want to cooperate with.

[STRAITS TIMES] Do I detect a concern that all these issues you've just mentioned would not be observed to the letter and the spirit?

[Patten] What you detect on my part is a determination, while I am here, to ensure that these things are observed to the letter and the spirit. And what you also detect is not an alarmist but wholly realistic belief that everybody demonstrates his commitment to maintain these things.

These are all areas that people are going to ask about, that people ask about already, for heaven's sake. And if there's ever a chink in our defenses on these points, skepticism and doubt burrow their way in.

[STRAITS TIMES] I gather that some mobile phone operators have been knocking on China's backdoor quietly to try to circumvent the due process (of awarding operating franchises) that ought to be observed publicly and openly. Is that the sort of thing that worries you?

[Patten] It is precisely that sort of thing that bothers me. I said in a speech in the United States that I believe that the leaders in Peking (sic) have every intention of standing by their commitment to Hong Kong's autonomy. The problem comes lower down...and that problem is made worse if there are people from Hong Kong going up to Peking and encouraging Chinese officials to take an interest in our economic and commercial affairs which is not theirs to take.

I've taken quite a lot of significant, even controversial, decisions in the economic and commercial spheres in the last four years.

Do you suppose that anybody thinks he can go to London and get somebody to reverse what I'd done? There's no question of it. If anybody, however distinguished he was, went to London, he'd be told to go back to Hong Kong and talk to the governor or the chief secretary.

What London has, in effect, done is to give Hong Kong its economic independence, economic liberty. The first the British Chancellor of the Exchequer knows about the Hong Kong Budget is when he reads it in the FINANCIAL TIMES.

So, if people want Hong Kong to be autonomous, then they'd recognize what that means and the example you've given — let me be arch, I've read about it in the newspapers — is a very good one.

[STRAITS TIMES] Is there something that bothers you about the rule of law?

[Patten] I think I'll let my argument rest where it stands. The rule of law is the backbone of our system. It is not to demean China to say that China does not have rule of law. China has rules and it has laws but the rule of law is not the backbone of the system in the rest of

China. If that backbone looks as though it is decaying, then I'm afraid people would be less prepared to write their contracts in Hong Kong and less prepared to base themselves in Hong Kong.

I happen to think that the rule of law is more credible if the body that makes the law is credible. And if you have an incredible legislature, then it has an effect on other things — belief in the rule of law.

[STRAITS TIMES] To the best of my understanding of Hong Kong affairs, I thought you have done everything humanly possible to reinforce the rule of law and you have already settled the issue with China on the Court of Final Appeal and the number of judges. What more could you do? What more could people hold you accountable for?

[Patten] The British side has done all it could. I don't think we can do anything more. I don't think leaders of the legal profession believe we can do anything more. I think the majority of the profession thought the deal we got on the Court of Final Appeal was a pretty good one. But there were some extremely distinguished critics of it.

What they were really criticizing was less our agreement than the tension which will undoubtedly exist between the Basic Law and the English common law. Why will there be tension, which would have to be resolved within the courts? Not least because of the problems of having the English common law operating within a written constitution.

No, I don't think there's anymore we can do and I hope that there won't be anymore speeches by members of the Preparatory Committee which suggest somehow that judges will have to behave differently in the future from the way they behaved in the past.

[STRAITS TIMES] Much must rest on the integrity of the judges themselves.

[Patten] Which I have no reason to doubt.

[STRAITS TIMES] You seem to have a lot of concern about the provisional legislature which the Preparatory Committee is edging towards creating. Why do you think it's such an impediment to the commitment to the process of democratization? Would it lead people to think that the process is all counterfeit?

[Patten] Let me make three brief points. First of all...the Chinese decision to dismantle the existing legislature will inevitably be disruptive and raises questions about China's intentions in other areas.

Secondly, the provisional legislature is selected rather than elected. Is it credible to argue that it will reflect

the community in the way that the existing Legislative Council does? By any standard of measurement, the Democrats picked up between 60 and 70 percent support in the last election. If you simply ignore 60 to 70 percent of public opinion, it suggests that the provisional legislature isn't a very broadly based institution.

Thirdly...some people have suggested that the provisional legislature be set up and meet before the 30th of June 1997.

If that happens, it will create disharmony, it will be disruptive and there is no legal basis for it. There's no constitutional position because there can only be one Legislative Council in Hong Kong before 30th June 1997, a point which (Chinese Foreign Minister) Qian Qichen made in his last meeting with (British Foreign Secretary) Malcolm Rifkind.

And I guess there's another point as well. I'd like people to be focusing, as we come to the transition, on the good things about Hong Kong, the positive things, on the things which, in my judgment, mean that this will continue to be an outstandingly successful Asian city in the future, instead of what they are concentrating on. They are concentrating on the Legislative Council, on democracy, on China's concern about political control. It will be all those issues which will produce Pavlovian reactions everywhere.

[STRAITS TIMES] That's precisely what people think will happen — that from Day One, the Chinese will dismantle the existing Legislative Council. That will undo the main thing which you have worked for in Hong Kong in your tenure as governor. Everything you do is going to be undone the day you depart Hong Kong.

[Patten] Fortunately, I don't think it is. While it is possible to dismantle the institutional arrangements created here by the people of Hong Kong ... you cannot possibly stifle or snuff out the development of civic consciousness in Hong Kong or the attachment to what American political scientists call civil society, professions, accountable government, churches, charitable organizations, newspapers, free newspapers, political parties, and participative government.

I think Hong Kong is more self-confident and I think Hong Kong is a more open and plural society than it was when I arrived. And it also will continue to be economically very successful, so you can have both hand in hand.

[STRAITS TIMES] In the years to come, if you were to ruminate on your work here, what would you put down as your main legacy for Hong Kong people?

[Patten] I think I would be very reluctant to describe my achievements in Hong Kong until I've been able to see four or five years after the transition what Hong Kong is like. But I'm sure it will still be a great society.

Singapore: Military Holds Exercises With Philippine Armed Forces

BK2005142496 (Internet) Television Corporation of Singapore WWW in English 1036 GMT 20 May 96

[FBIS Transcribed Text] The Philippines has offered Singapore the use of all its military training facilities.

Philippine Armed Forces Chief of Staff General Arturo Enrile told reporters this would also include air training.

He was speaking after observing joint exercises here between the two armed forces. General Enrile and Chief of Defense Force Major General Bey Soo Khiang observed section-level mock battles which are part of this year's exercise Anoa-Singa. General Enrile said, "the knowledge especially in the technological aspect of warfare from your troops to our troops complemented each other very well."

Both armed forces made use of the latest multiple-integrated laser engagement system for the mock battle.

Exercise Anoa-Singa is the 4th in a series of exercises between the Armed Forces of the Philippines and the SAF [Singapore Armed Forces].

The exercise, say officials, help enhance the interoperability between both armed forces on and off the field.

Singapore: Mission To Enhance Economic Competitiveness Revealed

BK1705125096 (Internet) Television Corporation of Singapore WWW in English 0900 GMT 17 May 96

[FBIS Transcribed Text] The Communications Ministry has spelt out its mission to better focus its efforts on serving business needs in Singapore.

Its minister, Mah Bow Tan, said the ministry's aim was to enhance economic competitiveness and the quality of life here by enhancing Singapore's position as a major air, sea, and telecommunications hub for the region.

Speaking at the Annual General Meeting Luncheon of the Singapore International Chamber of Commerce, he stressed this meant adjusting policies to maintain Singapore's competitiveness. Mr. Mah said one example was the recent announcement on moves to liberalize the telecoms industry seven years ahead of schedule.

Not doing so would block out innovation and efficient service providers at the expense of Singapore's position as a business hub.

Mr. Mah said the Maritime and Port Authority was also considering greater liberalization of port services. The new focus also entailed investing ahead and using technology to provide quality and value for money services. Mr. Mah added that measures were being taken to optimize land use and maximize the capacities of Terminals 1 and 2 at Changi Airport before embarking on the construction of Terminal 3.

He said the need to build Terminal 3 with a designed capacity of around 20 million passengers annually was being looked at.

Mr. Mah said according to the latest forecast of the International Civil Aviation Organization, Terminal 3 would be required by the end of year 2005 or early 2006.

Singapore: Minister Explains End to Telecommunications Monopoly

BK2005075396 Singapore BUSINESS TIMES in English 18-19 May 96 p 2

[Report by Anna Teo]

[FBIS Transcribed Text] Revolutionary changes in the telecommunications industry make Singapore Telecom's exclusive licenses increasingly less meaningful and difficult to enforce, Communications Minister Mah Bow Tan said yesterday.

Referring to last weekend's announcement that SingTel's monopoly on basic telecommunications services would end in the year 2000 instead of 2007, Mr. Mah said: "Some people have asked why we have taken such a step barely three years after we first gave SingTel its exclusive license.

"Did we make a mistake in the first place?"

The answer lies in the sweeping changes in telecommunications and computer technology in recent years and in the changing regulatory climate worldwide, he told the Singapore International Chamber of Commerce's annual general meeting lunch.

A price control mechanism that has prevented SingTel from charging monopolistic prices is unsustainable in the long term, Mr. Mah said.

"Not when technology is advancing so rapidly and forcing the industry to open up just as fast," he added. With the advent of Internet, callback and other global satellite mobile communication services, keeping the market closed means blocking out innovative and efficient ser-

vice providers to the detriment of Singapore's competitive position as a business hub.

"To do nothing in the face of such changes would have been a serious mistake. We had to move. So we reviewed and where necessary, adjusted our policies to maintain our competitiveness," Mr. Mah said.

Cambodia

Cambodia: KNP-Affiliated Newspaper Editor Murdered in Phnom Penh

BK1805084996 Hong Kong AFP in English 0840 GMT 18 May 96

[FBIS Transcribed Text] Phnom Penh, May 18 (AFP) — An official of Cambodia's banned opposition Khmer Nation Party (KNP) was gunned down in broad daylight here Saturday by unidentified assailants, police and witnesses said.

The shooting of Thun Bunli, 39, the editor of the Oddamkeakte Khmer (Khmer Idea) newspaper, came as KNP leader Sam Rangsi opened three branch offices of the banned party in the southern port city of Sihanoukville.

Thun Bunli was shot dead by two men on a motorcycle as he travelled to his office on the back of a motorcycle taxi, witnesses said.

He was hit by two bullets in the chest and another in the left arm, the witnesses said, adding that the motorcycle taxi driver was uninjured in the attack.

Police said a motive for the killing was still unclear.

However, Sam Rangsi, speaking at a KNP office in Sihanoukville, said that the killing of Thun Bunli, a member of the KNP steering committee, was a "blatant attempt at intimidation."

"They want to intimidate us, this is not a coincidence," he said.

The Ministry of the Interior ordered the KNP to cease operations shortly after it was founded in November and has demanded the closure of its offices in Phnom Penh, although it has not enforced the ruling.

Local authorities tried to obstruct the opening of the three Sihanoukville branch offices but were unsuccessful in their attempts. Some 80 KNP members accompanied Sam Rangsi on the trip south from Phnom Penh.

Thun Bunli had intended to travel to Sihanoukville for the event, but had stayed behind in the capital to finish off some work, Sam Rangsi said.

Sam Rangsai said that the shooting of Thun Bunli and the efforts of local authorities to stop the KNP from opening the offices in Sihanoukville "contradicts" recent government assurances of political plurality.

Thun Bunli was the fourth media figure in Cambodia to be murdered in the past two and a half years. Three journalists were killed in 1993.

Oddamkeakte Khmer has carried a number of articles attacking co-premiers Prince Norodom Ranariddh and Hun Sen and in its latest issue had six stories strongly critical of Hun Sen.

Thun Bunli was taken to court in February 1995 by the information ministry after he published an article calling on the co-premiers to "stop barking," an allusion to being dogs considered extremely insulting in Cambodia.

He was ordered to pay a \$2,000 dollar and was threatened with jail and closure of the paper if unable to come up with the money. An appeal was rejected and the case was passed on to the Supreme Court, which has yet to rule on the earlier decision.

Earlier this year King Sihanouk said he would not object to giving Thun Bunli a pardon if the co-premiers approved. But Hun Sen has declined to rule on the matter since the Supreme Court has not yet heard the appeal.

Cambodia: 'Comment' in Murdered Man's Paper Criticizes Hun Sen

BK1805153896 Phnom Penh ODDAMKEAKTE
KHMER in Cambodian 15 May 96 pp 1, 3, 4

[Comment by Kim Samral: "We Will Continue To Point the Finger in Hun Sen's Face"]

[FBIS Translated Text] Recently, certain circles have given us some good advice. They said we should use more proper language in criticizing Hun Sen because, after all, he is a prime minister and a king [sdech]. Others have even said that for the sake of our security we should apologize to this guy Samdech Hun Sen (sic) for the language we have used to criticize him in the past.

In view of the aforementioned advice, we wish to point out to our respected readers that we have no evil intentions whatsoever of lambasting people at will. Everything we carry and publish in our newspaper is true; nothing is fabricated. Moreover, in our writing, we clearly understand press ethics and professionalism and all Cambodian laws currently in force. We also understand what is meant by human rights, including individual rights. In our writing, we never dare violate

anyone's rights, even if he is a lunatic. We always preserve our dignity as professional journalists.

Unfortunately, in present-day Cambodian society, trivial and evil fellows like Hun Sen are still leaders. They wildly insult others in an indiscriminate manner and, while talking, refer only to tanks and force.

The activities carried out by Hun Sen consist only of killing, eliminating, or flattering in a devastating manner people from all continents and countries. He kills, arrests, or punishes journalists...; counts on his clan and the Vietnamese; serves the Vietnamese; gives the Vietnamese land; divides Cambodian society by intimidating and harassing patriots; and looks down on the king. What kind of language should we use with this guy Hun Sen, a dictatorial communist who has studied neither law nor human rights for a single day?

While Hun Sen is accusing patriots of betraying the nation, he himself is selling the nation in broad daylight. Hun Sen indirectly threatens to liquidate those in favor of democracy but praises Vietnam, which kills Cambodians.... Who does not know of the treason committed by the crooked Hun Sen? When he speaks he always uses the words "those journalists" and "all of you" (all royal family members and people included).... Using that kind of language, does he deserve to be a leader, the chief of Cambodian society?

As Hun Sen is a barbarian, we are sorry that we can never use decent Cambodian language with him under any circumstances.

The crimes Hun Sen has committed against the Cambodian nation are enormous. As such, utterly indecent language must be used with the evil Hun Sen to match his actions. In other words, Hun Sen's neck must be twisted backward for his crimes, then his body must be nailed to a cross and buried for 500 years as punishment. Bluntly speaking, we will never vote for this guy Hun Sen or allow him to rule over Cambodians. We absolutely refuse to recognize him.

The present gloomy and panicky situation is caused solely by Hun Sen, but this evil guy always blames others. All he has done is insult, threaten, kill, or jail people in a blatant manner. As such, we wish to retain our exclusive right to continue using rude language with this gangster Hun Sen — the voted-out prime minister — until he dissolves from Cambodia or stops serving as an out-and-out Vietnamese lackey and returns to the national fold. This should be done with this commoner Hun Sen; he deserves it.

As for the advice that we should apologize to Hun Sen as some communist Vietnamese puppets have done,

sorry — we cannot do that. We must wait until the next life to talk about it.

We eagerly wonder why we are being asked to apologize to the nation-betraying Hun Sen. What wrong have we committed? We are journalists; should we be punished for talking about the treason committed by the traitor Hun Sen? This is really stupid. We already consider this guy Hun Sen a madman, different even than other insane people. Speaking in general terms, lunatics never kill or betray the nation like the crooked Hun Sen. The insane Hun Sen is like a drunkard who wants to catch an elephant. It is not necessary to apologize. It should not be dreamed of. If Hun Sen was really strong he would not need underlings to escort him when he goes out, like at the funeral of Sak Sutsakhan [former commander of Khmer People's National Liberation Army]. Do not be boastful!

We wish to end our brief clarification here. Before concluding, we wish to express our profound gratitude to the aforementioned circles for their good advice to our newspaper.

May the nation-betraying clan of Hun Sen be dissolved quickly and forever! May the Cambodian nation and motherland be at peace and live in prosperity!

Cambodia: First Prime Minister, Others Condemn Editor's Killing

*BK1905083796 Hong Kong AFP in English
0550 GMT 19 May 96*

[FBIS Transcribed Text] Phnom Penh, May 19 (AFP) — Cambodia's first prime minister, Prince Norodom Ranariddh, has joined growing condemnation of the murder in a Phnom Penh street of an opposition newspaper editor.

"I was deeply moved and expressed my most profound regrets when informed of this barbarous murder," the prince said in a statement released late Saturday. "I strongly condemn such (a) savage and inhumane act."

"This barbarous act deeply affects the freedom of the press, freedom of expression and liberal democracy in Cambodia which I firmly promote and support," the prince said.

Thun Bunli, 39, editor of the Oddamkeakte Khmer (Khmer Ideal) newspaper and an official of Cambodia's banned opposition Khmer Nation Party (KNP), was shot dead by two men on a motorcycle as he rode on the back of a motorcycle taxi, witnesses said.

He was hit by two bullets in the chest and a third in the left arm, the witnesses said. The motorcycle taxi driver was uninjured.

KNP president Sam Rangsi, who was opening branch party offices in southern Cambodia when the murder occurred, called the crime "state terrorism" designed to intimidate dissent.

"This is terrorism that benefits from the complicity and protection of the state," he said in a statement.

Prince Ranariddh's condemnation comes in addition to similar sentiments from other government officials.

The Ministry of Information also strongly condemned the crime which it said "may undermine the (government's) policies of rebuilding and national reconciliation."

The ministry said it "vigorously supports the ardent work of the national authorities who are taking firm measures to apprehend the killers and bring them to justice."

Koem Sokha, chairman of parliament's Commission on Human Rights, urgently requested a thorough investigation calling the murder "a cowardly act" and the "gravest of human rights violations."

"The right to freedom of expression is meaningless if those who exercise this right continue to be threatened, attacked and killed," he said.

The League of Cambodian Journalists (LCJ), an organization comprised mainly of pro-government newspapers, paid its condolences to Thun Bunli's family.

"The LCJ thinks that it is a very cruel and cowardly act of the unidentified assailants on the media," the group said.

Police said the motive for the killing was still unclear, but added that experienced investigators from the interior ministry and police have been deployed to investigate the case.

"We don't want to speculate or jump to a conclusion, but let our police investigate it first," said a senior criminal police official in charge of the investigation.

Thun Bunli was the fourth media figure murdered in Cambodia in the past two-and-a-half years. Three journalists were killed here in 1994. No one has yet been convicted for the crimes, though one suspect was apprehended and later acquitted.

Cambodia: Sam Rangsi Letter Condemns Editor's Killing

BK2005155896 (Internet) SEASIA Listserv in English
20 May 96

[Text of letter attributed to Khmer Nation Party President Sam Rangsi dated 18 May]

[FBI'S Transcribed Text] Phnom Penh, 18 May 1996

Today, terrorism has once again struck in Cambodia. It is a terrorism which chooses its targets well: journalists and activists of parties opposed to the current regime in Phnom Penh. It is a terrorism for which the police and courts never find anyone responsible against which no-one dares to testify, despite the hundreds of confirmed political assassinations since the signing of the Paris Agreements in 1991. It is a terrorism which benefits from the complicity and protection of the State when it is not simply ordered and organized by the State, or at least by a small group of communists and mafioso who lie at its head. There is no other explanation for the negligence and complete ineffectiveness of the police and courts faced with the multiplication of such crimes, intended to preserve the grip of totalitarian and at the same time terrorist State.

Thun Bun Ly died for his ideal, for his country, and for democracy. He was the principal of the "Khmer Ideal" newspaper and member of the Steering Committee of the Khmer Nation Party. Sentenced heavily and unjustly for having dared to denounce abuses of power, he was due to receive a royal pardon at the same time as two other journalists. He was a courageous activist, always smiling, never giving up. He leaves six children behind, the youngest of which is less than five months old.

If the terrorists think, by assassinating Thun Bun Ly, that they can intimidate us and curb our legal and peaceful activities for democracy, they are profoundly mistaken. The sacrifice of Thun Bun Ly will only reinforce still further our determination to push back the dictatorship and to defend still more vigorously the political and moral principles which the communist and the mafioso ignore but which are shared by the entire civilized world.

We appeal to all democrats of the world to condemn the cowardly and odious assassination of Thun Bun Ly which is only further evidence of the totalitarian drift of the present regime in Phnom Penh. We appeal to the international community to no longer believe the fine words and the deceitful promises of the leaders of this regime, whether on political matters or in the economic domain. We appeal to donor countries and international institutions to no longer bail out this dangerous regime with unconditional and blind assistance.

With Respect,

[signed] Sam Rangsi

Sam Rangsi

President of Khmer Nation Party

Cambodia: Communist Condemns Newspaper Editor's Killing

BK2105100296 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 20-21 May 96 pp 1, 2

["This Issue's Comment" column by Miss Thmar Da: "Pity the Lives of Journalists!"]

[FBI'S Translated Text] Thun Bunli, 39, editor of the ODDAMKEAKTE KHMER newspaper and a member of the Steering Committee of Sam Rangsi's Khmer Nation Party, was shot to death on the morning of 18 May. This cruel, barbarous, and inhumane murder is absolutely an abject and unpardonable act.

As fellow journalists, we sadly join in mourning with Thun Bunli's bereaved family and all his colleagues at ODDAMKEAKTE KHMER. May Thun Bunli's soul rest in peace.

The motive behind the murder of Thun Bunli has not been announced by the authorities concerned, but there has been much talk about this case among journalists at large. Moreover, the murder of Thun Bunli took place at a time when the internal atmosphere in Cambodia was not good at all.

At the end of March and the beginning of April, newspapers such as CHAKKRAVAL, ARIYEAKTHOR, SETTHAKECH, REAKSMEI ANKOR, and MEATOPHUM were repeatedly threatened over the telephone. Sometimes their editors even received death threats. The callers used gross, rude, and immoral language.

After the League of Cambodian Journalists issued a statement about these extremely evil acts, Khieu Kanharit, state secretary for information, appealed to the competent authorities to unmask, arrest, and bring to justice those who made these telephone threats. So far there has been no official response whatsoever from the authorities concerned.

In another development, all national journalists are being punished by becoming the targets of "illegal control" by the Ministry of Information, acting on the orders of the prince Irompreah (First Prime Minister Norodom Ranariddh) based on what he said on 17 May at Phnum Reap Temple, Poan Sang Commune, Ang Saeul District, Kandal Province: "Some newspapers have written improper articles affecting the good name

of the king." This is an event that caused great concern to all journalists.

The competent authorities should apprehend the murderer and clarify the motives behind this murder.

Cambodia: Ranariddh Pledges To Work for Unity, Reconciliation

*BK2005155096 Phnom Penh National Radio of Cambodia Network in Cambodia
1300 GMT 20 May 96*

[Speech by Cambodian First Prime Minister Norodom Ranariddh at the inauguration of a primary school in Tani commune, Angkor Chey District, in Kampot Province, on 20 May — recorded]

[FBIS Translated Excerpt] [passage omitted on Ranariddh greeting those present and reviewing history of the school buildings, including a short biography of his father-in-law Eng Meas]

His Excellency [H.E.] Eng Meas was an outstanding son of the Tani commune and district of Kampot Province. He was also a people's representative in the Sangkum Reas Niyum era. He was killed by the Pol Pot genocidal clique. I do not want to talk about this bitter history. Some people keep talking about this incessantly and use it as a political tool. I think this is Cambodia's bitterest history. The people at all levels are well aware of all this. [passage omitted thanking the local people for offering to name the school after Eng Meas and for conveying get-well wishes to King Sihanouk Sihanouk]

Today I am not going to raise the issue I have already talked about, namely the king's health, which is really not that good. What our king is displeased with, however, is the troubled political atmosphere in our Kingdom of Cambodia over the past two weeks. Cambodian newspapers, whose right I very much respect in accordance with the Constitution, have written articles seriously affecting the good name and prestige of our revered father and grandfather, our king. [passage omitted talking about the national anthem which begins with a prayer that angels protect the king]

I leave it to national opinion and history to judge and punish those who castigate our king, who is revered by all of our Cambodian people. [applause]

His excellency the provincial governor has also talked about the issue of national unification and reconciliation. I would like to take this fine opportunity, as first prime minister and also as chairman of FUNCINPEC (National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia), to say in front of the clergy in Kampot Province that the Royal Government has made every effort to unite and reconcile the nation

within the framework of the National Assembly, as well as that of the Royal Government, in order to end conflict among Cambodians and to end the disparagement from the outside world. If we Cambodians continue to quarrel and nurture greedy ambitions, Cambodians themselves will once again bring another disaster to our country, which has gone through suffering that other countries have never experienced: the genocidal regime followed by a war of aggression and war among Cambodians. This has brought great tragedy to our country for over two decades.

In my view, whatever ambitions we have — whether as individuals or parties — we should put an end to this and put national interests above it to provide peace, security, prosperity, and happiness to our Cambodian people. No one has suffered as much as we have. We have had an election. A national assembly has been established and the Royal Government set up by the people's will. Our country has gradually developed.

Today, therefore, in my own name and in the name of the Royal Government members and National Assembly members of FUNCINPEC, and on behalf of former Sihanoukist police and soldiers, I solemnly pledge to our entire nation that we will absolutely not do anything that affects the Constitution, the nation's supreme law, and will absolutely not do anything to shed Cambodians' blood. On the contrary, we promise to serve the country and nation and to unite with the Cambodian People's Party, led by correct and glorious Samdech Chea Sim, to provide development, peace, and security to the country and nation. This is what we most need. [applause] If we Cambodians do not do this, what meaning does this building in front of us have? If there is only conflict and bloodshed, the country will one day be destroyed the way it was 20 years ago.

Therefore, and once again, I would ask everyone to have faith in me and in FUNCINPEC. We will do everything to absolutely avoid continued conflict among Cambodians. On the contrary, we will be resolute in holding out our hands aimed at reconciling and uniting the nation, as advised by our august father and grandfather and in accordance with the sacred aspiration of all of you, the real masters of the Kingdom of Cambodia.

I have always said that nothing is immortal in our state. Leaders are also not immortal. It is up to the people to decide whether these leaders can lead or not. What is immortal is the Cambodian nation that belongs to Cambodians. This is the only thing immortal. [applause] [passage omitted on Ranariddh talking about the Royal Government's efforts and pride to develop education, highlighting the building of schools]

Cambodia: Paper Urges Discussion With King on Important Decisions

BK2005095596 Phnom Penh MONEAKSEKA KHMER in Cambodian 14-15 May 96 pp 1, 4

["Today's Comment" column by Sao Putthapong: "The Economic Mission Might Be the Cause of Diplomatic Crisis"]

[FBIS Translated Text] Although it is stated in the Constitution that the king reigns but does not wield the power, he is the guarantor of national unity and territorial integrity — not just territorial integrity but also the nation's political integrity.

Although the decision to establish mission-level relations with South Korea is claimed to be aimed only at consolidating economic ties and not political relations, a thorough discussion should take place and the king's advice should be sought regarding anything that might affect the nation's integrity. The king should at least be informed before such a decision is made. That is, any hasty undertaking by the people or by any circles in disregard for the king should be avoided.

The official announcement of the establishment of the economic mission with South Korea is generally seen by observers as a challenge to the advice of the Cambodian king, who has repeatedly opposed the establishment of any official relations with South Korea. The reason is that this might cause a diplomatic crisis, since Cambodia has already established diplomatic relations with North Korea, which is an enemy of South Korea.

As for the national circles, the establishment of this relationship is a shock because it has not been only during this second Kingdom of Cambodia that South Korea has been known to be highly developed economically. South Korea's economic distinction was recognized even during the State of Cambodia when the Cambodian communists were controlled by Vietnam. Why did they not establish mission-level economic relations with South Korea at that time? Why must they wait until now before making such decision contrary to the king's opinion? Were they so afraid of the Vietnamese then and are just daring enough to do it now without any concern about national integrity?

The many foreign investors in Vietnam and Laos are not just South Korean. There are also many U.S., French, and Australian investors there.

The fact that there are more foreign investors in Vietnam than in Cambodia is because Vietnam dared to bring to trial for immediate punishment any of its officials involved in corruption, whether or not they were in the higher echelons. This is unlike Cambodia, which is known around the world to be full of corrupt officials

selling out everything from national property to forests and none of them has ever been arrested.

In the future, before making any decision that is vital to national survival, they should first thoroughly discuss it with the guarantor of national integrity in order to avoid anything that might disrupt the spirit of national unity under the so-called cool shade that all of us have often told the people is the leadership of the king, who is revered by the entire Cambodian nation.

A source in Paris said that the king was upset by some movements attacking him in a hostile and unfair manner and that the king disagreed with some of the government's activities.

Cambodians, both inside and outside the country, have generally expressed their concern about the Royal Government's management and have called on the king to return to take full control of the political leadership in order to salvage the Cambodian nation. This has caused some circles to think that the king might return to the political arena in 1998.

The decision by the government leaders while the king and the prince krompreah first prime minister were not in the country might cause a crisis in diplomatic policy. The settlement of a problem that might create another problem is not considered to be a strong point of the leadership.

Cambodia: Hun Sen Denies Ostracizing FUNCINPEC

BK1705105596 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 17 May 96 pp 1, 2

[Report by Dararit]

[FBIS Translated Text] Second Prime Minister Samdech Hun Sen has said that a report by AFP saying "the alliance between the Cambodian People's Party (CPP) and the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party will continue with or without Ranariddh," has created misunderstanding for it only picked up and published half of his remarks.

It should be recalled that a lecture given by Samdech Hun Sen to a group of senior Khmer Royal Armed Forces (KRAF) officers on 11 May was at a "strategic level"; so, reporters were barred from the meeting. On that occasion, the samdech said: The alliance between the two parties, namely, the CPP and FUNCINPEC, will continue "with or without Ranariddh; with or without Chea Sim and Hun Sen." However, while publishing half of the remarks to the effect that the alliance between the CPP and FUNCINPEC would continue with or

without Ranariddh, AFP omitted to carry the other half containing the mention "with or without Chea Sim and Hun Sen." "This inaccurate kind of reportage has caused misunderstanding," the samdech added.

Samdech Hun Sen further said that his comments on the alliance between the CPP and FUNCINPEC had been aimed at pointing out the sturdiness of the political stability in Cambodia, which ensues from the alliance between the two parties. The alliance, with the principled backing of the two major parties, has already been launched and organized. Therefore, the CPP, with or without Chea Sim and Hun Sen, will continue to cooperate with FUNCINPEC, and FUNCINPEC, with or without Ranariddh, will continue to cooperate with the CPP likewise, because this concerns the political parties.

The samdech added: Owing to the erroneous report, the term murderous party has been used by a group of people, which seems to imply that Hun Sen is preparing to move somebody in a party.

He asked AFP to make a rectification as it had already published erroneous reports twice. Earlier AFP reported that he had issued a warning, which he has never done, to the royal family members who were meeting in Paris.

Concluding, Samdech Hun Sen said: The sturdiness of the political stability in Cambodia must depend on the cooperation between the two major parties; the two have never nullified their "marriage certificate". Any minor problems are merely like quarrels between husband and wife within a family, and disputes and arguments between children are quite normal.

Cambodia: Hun Sen Says Cambodia Needs 'Current Kind' of Government

*BK1805093896 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 18 May 96 pp 1, 2*

[Unattributed report]

[FBIS Translated Excerpt] On 16 May, Second Prime Minister Samdech Hun Sen said: "Present-day Cambodia is still in need of a coalition government of the current kind for another 10 to 15 years."

The samdech made this statement at a meeting on 16 May with Bruneian Ambassador Dato Haji Harris, who came to pay him a courtesy call and bid him farewell following the termination of the envoy's mission in Cambodia. He further said that Cambodia is a country that has sailed through and experienced difficulties, bloodletting war, and division for over 20 years. Yet, although the country has enjoyed national reconciliation and unification and peace for just a short period of time,

it clearly knows the value of peace; therefore, it no longer wants to see either war or confrontation.

Samdech Hun Sen also told the Bruneian ambassador about the latest situation in the Kingdom of Cambodia, saying Cambodian leaders have now placed the nation's common interests above individual ones and all... [ellipsis as published; passage omitted]

Cambodia: Hun Sen Alleges Plot Against His Children in France, U.S.

*BK2105091696 Phnom Penh National Radio of Cambodia Network in Cambodian
0500 GMT 21 May 96*

[Speech by Cambodian Second Prime Minister Hun Sen at the laying of the foundation stone for a secondary school in Chamka Leu District, Kompong Cham Province on 21 May — recorded]

[FBIS Translated Excerpt] [Passage omitted — Hun Sen talking about his pledge to build school buildings and a road for the local population and his criticism of the provincial authorities for their negligence in looking after waterworks he helped build in the area]

There is one thing I would like to inform you of, compatriots in Chamka Leu District, and through you the people throughout the Kingdom of Cambodia and also those who are planning to carry out the attempt.

A few days ago a reporter died in Phnom Penh. We regret this death. We very much regret the death of anyone, no matter who. This reporter's death, however, has led to attempts to assassinate my children in France and the United States. We recorded the voice of a person calling from France to Phnom Penh talking to one person and also to the wife of the deceased. To those who are attempting to carry this out: Please stop. Your telephone conversation has been entirely recorded on tape. We passed this information on to the French ambassador to take measures to ensure my children's security. I have two sons in France and a son and daughter in the United States. This morning Washington called me directly at my house to give me news from New York — this means the U.S. ambassador worked fast — saying that measures have been taken to protect their houses.

So someone dies here and attempts are made to kill my children. Attempts to kill me in Cambodia have failed and now attempts are being made against my children, who are completely innocent. The eldest child is 18 and is studying at the U.S. Military Academy. The second child, a 16-year-old daughter, is also studying in the United States. Two sons, 15 and 14, are in France.

I would thus like to declare publicly that the secret attempt to kidnap or kill my children in the United States and France has been uncovered. We knew about this over 20 days ago. A meeting was held in Phnom Penh and said that if anything happened in Phnom Penh, Hun Sen's children in France and the United States should be killed. This secret has been uncovered and the voices fully recorded on tape. Therefore, do not do it; it is better not to carry this out. If we wanted to arrest these people, we would have made preparations to arrest them when they carried this out. We do not want this to happen, though. Someone died. Why has this led to me, wanting to kill innocent children? Therefore, I would like to say this: Do not try it.

It is not against the Constitution. Mobile phone conversations can be intercepted. Even when television sets are switched on, they can be detected. When they are detected and intercepted, they can be recorded. When Norodom Sirivut attempted to kill me, he was talking on a mobile telephone. Conversations on mobile phones are not secure. Whenever we have suspicions, we can even record voices from telephone lines because this is related to spying, which affects national security. Thus, do not have any misunderstanding that we are spying on secret conversations. This is just like conversations over ICOM field radios and walkie-talkies. Others listen in on our conversation and we do the same. When the scanner on my television set is switched on, other people's conversations can be heard.

So the call from Paris to Phnom Penh at 2200 on 19 May has been uncovered. Please do not carry this out. Try if you want — your accomplices in Phnom Penh and those in Paris — just try it. If you dare kill Hun Sen's children, with such evidence you will not go free. Please be informed. I do not want this to happen. If you dare take hostage or kidnap Hun Sen's children, I can exchange with you what you want. This will not be a political exchange. It will be a deal involving hostages. Let this be clear from the outset. It is going to be this kind of deal. I will also do the same; this is a matter of exchanging hostage for hostage. I know who issued the order from Phnom Penh. Thus, we can use them in exchange. This seems too outrageous and too cruel.

They failed to kill me last year. The plot was uncovered and one prince Iromkhuon [Norodom Sirivut] was discarded. Afterward, another murder plot was hatched. Now someone has died and attempts are being made to kill Hun Sen's children in France. They insulted the king by calling him a fool and also called the prince Irompreah [Ramariddh] a fool. They insulted me too, but this is my affair. For one thing, my children do not have French or U.S. nationality. Cambodians with French nationality can easily protect themselves. My

family members rely on the embassies of the two countries that have allowed my children to study there.

I think I will end here. If you dare touch my children...[coughs, pauses] This morning I was asked whether I will bring back my children. I will not; I would rather let the two children die. If I brought back the two children from France, it would seem like I had given in to these threats. I will not bring my children back; they will stay in France and the United States. I will not bring them back; otherwise, these guys can make threats at will. We have told these guys that they cannot do whatever they want to me. Last year, although you were a royal family member, I still arrested you. This was in accordance with the law. You attempted to kill me. How can I arrest you? Now you try to kill my children. I will not kill you, but I know who you are. If you dare take my children hostage, you will become a hostage in return. Let this be clear. This seems too outrageous; doing this to innocent children who are still studying. If you want to do something, come and try to kill Hun Sen. If you fail you will be in trouble. That is all I want to say. [passage omitted — Hun Sen talking about financial and material assistance to local pupils].

Cambodia: Chen Sim Urges Talks Among Parties
BK1905122296 Phnom Penh National Radio of Cambodia Network in Cambodian
0500 GMT 19 May 96

[Speech by Samdech Chea Sim, Cambodian acting head of state, in Sangkat Trapeang Krasang, Khan Dangkao, Phnom Penh on 19 May — recorded]

[FBIS Translated Excerpt] [Passage omitted on importance of irrigation] I take this opportunity in my capacity as acting head of state to inform all venerable monks and compatriots today that after the signing of the Paris agreement, the 1993 general elections, and the formation of the Royal Government [RG] of our Kingdom of Cambodia, two institutions — the RG and the National Assembly [NA]; that is, the executive and the legislature — established very close relations and maintained very close cooperation with one another. This cooperation was fostered under the leadership of their majesties our most venerated and beloved king and queen. Both the NA and the RG of the Kingdom of Cambodia have made all efforts to strengthen solidarity and improve cooperation in carrying out the duty of running the government headed by the two samdech prime ministers.

I would like to express sincere admiration for the RG and the two samdech prime ministers for maintaining excellent bonds of solidarity and cooperation. In the name of the RG and in their capacity as prime ministers,

they have led our country in accomplishing great progress and ensuring political stability and communal security, meeting the sacred wish of our people who want to live in peace, happiness, and harmony. Our people want to forget about the bloody wars they have experienced for more than two decades, during which they have suffered untold misery the aftermath of which remains incalculable. For these reasons, our people want merely to live in peace, see the nation progress, and have prosperity and happiness.

During the past two years or so, we have seen that of all the political parties in the NA and the RG, the Cambodian People's Party and FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] have been the core. These two have headed the RG, with the two samdech prime ministers leading the country in achieving gradual progress. Therefore, the past two years or so has constituted an important answer to the needs and wishes of our people. In particular, people throughout the Kingdom of Cambodia cannot overlook the dates on which they were liberated from Pol Pot's genocidal danger; that is, 2 December and 7 January. It was on 2 December and 7 January that our Cambodian people as a whole were freed from genocide and began a new chapter in their lives along with their religion. Thanks to these days, the Buddhist faithful, Buddhist monks, and other Buddhist followers were able to bring back Buddhism and maintain it forever. [passage omitted on revival of Buddhism and other religions in the country]

Lord Buddha taught all human beings to observe strictly the law of solidarity and the law of peace and patience of all kinds and to do good deeds useful to religion, the country, and all Buddhist faithful. Lately, we have had a fairly tense situation because of a few remarks. These verbal clashes have caused some differences of opinion and some cracks in our unity. These cracks, these clashes, have rendered the situation tense and the atmosphere murky. Through these problems... [pauses] Through the achievements that we have made together — among all political parties, both in the NA and the RG of the Kingdom of Cambodia under the leadership of their majesties the venerated king and queen — we have gained excellent experience. We regret the latest situation in which a conflict has arisen because of some verbal clashes that led to differences of opinion and disagreements. It is these problems that have rendered the atmosphere murky.

Based on the fact that the two major parties have been closely allied and have done very well — particularly the two samdech prime ministers, the heads of the RG of the Kingdom of Cambodia — since the elections and the formation of the RG almost three years ago, we can say

that we have gained good experience in jointly solving problems through meetings; through peaceful talks and avoiding confrontations. Confrontation is harmful to the interests of our national community and each of our citizens. Therefore, the recent tense and murky situation can be solved only through talks. The earlier the talks are held the better. These talks will solve problems and will promote goodwill and close cooperation. They will surely promote mutual understanding. Through these talks, solidarity will surely be heightened. These are the benefits of talks. There must be several talks. Talks are necessary to settle problems large or small. The settlement of problems must be reached through political and peaceful means so that cooperation among all political parties, both in the NA and the RG of the Kingdom of Cambodia, can be improved. This is a very important issue. It is also the august idea of his majesty the king. Or by holding talks can we lessen the worries of their majesties the king and queen.

Concerning the latest situation, I am confident that there will be talks and that the problems will be solved. No matter how they are settled, I am confident that there will be mutual understanding, solidarity will improve, differences of opinion will be reduced, and harmony will be restored. This is beneficial to the country's situation. Both sides should also uphold a sense of tolerance toward one another. It is not enough for one side to be tolerant; both sides must be tolerant. Only in this way can they move closer to one another and bring about talks, either at the top or the medium level. In this way, unity and solidarity can be restored to the level reached during the past two years or so since the formation of the RG.

The two institutions, the NA and the RG, have never had any trouble with each another. They have always had mutual understanding. When a problem has cropped up, they have joined hands in solving it. The RG would contact the NA and the latter would examine and propose solutions to requests submitted by the RG. Proposals, resolutions, and bills submitted to the NA by the RG have never been ignored or shelved. The NA has given the RG its close cooperation and vice versa. The RG has always paid close attention to all requests and proposals of the NA, examining them and executing them for the NA. Therefore, these two institutions have cooperated well with one another. This constitutes an important experience to be maintained, pursued, and refined between the legislature and the executive.

This experience is essential for our country to ensure that political stability, security, and peace will last until the 1998 elections. The 1998 elections will take place at the end of the NA's term. All of us — including the NA, the RG of the Kingdom of Cambodia, all officials

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and civil servants, all citizens, all political parties, and all politicians — must closely unite and cooperate so that political stability continues until the 1998 elections. This is very important for our country between now and the elections. If the tense and murky situation is not eliminated, if talks are not held, problems will increase, tension will grow, the murky atmosphere will worsen, and the differences of opinion will persist. In the long run, these differences of opinion will develop into confrontation. This is not good. If these become military confrontations, it could be difficult to find a solution. We do not know where they might end.

Flames can flare up from a little spark in the garbage and turn from a small fire into a blaze. Therefore, under all circumstances — although the situation may be a little tense and murky because of some differences of opinion, because of disagreement — it is imperative to behave in a way so that we can solve the differences caused by remarks that sometimes are not even true and can increase misunderstanding. Such incidents are certainly against the wishes of our people and the august initiative of his majesty the king, who constantly preaches national concord and reconciliation. National concord and reconciliation remains vital to our country. The better and sturdier our national concord and reconciliation efforts are, the greater our political stability and communal security will be. Therefore, the NA, the RG of the Kingdom of Cambodia, all officials and civil servants, all citizens, all political parties, and all politicians must correctly and successfully implement this principle of national concord and reconciliation forever.

This is the sacred aspiration of each of our citizens. In my capacity as acting head of state, I would like to appeal to all politicians, political parties, and officials and civil servants at all echelons as well as to all our people to unite closely as a single body under the august leadership of their majesties the venerated king and queen, who have left Paris for Beijing, where his majesty the king will undergo a medical check and then return to the motherland after recovering. In order to answer to the aspirations of our people and the august initiative of his majesty the king, the only way left for us is to strengthen our solidarity, uphold tolerance toward one another, maintain mutual understanding and cohesion, and wholeheartedly enhance mutual trust.

It is imperative to join heads in solving all problems. In particular, there must be meetings and discussions leading toward solving everything that is involved in the settlement of problems. This is very important for our country. [passage omitted on government achievements since its formation under the two prime ministers' stewardship]

The two major parties are bound by an alliance of friendship and endure as members of the same family. This bond of friendship will remain the principle for us to implement actively, successfully, and effectively the august initiative of his majesty the king and the wishes of our people who want to live in peace, happiness, and communal security. Our people want to see our country progress and prosper. They want to live a better, more prosperous, and happier life. This is very important. What we can do to achieve that is to maintain solidarity, tolerance, mutual understanding, and mutual trust. With that, we will be able to solve all problems, large or small. [passage omitted — Chea Sim thanks those present]

Cambodia: Commentary Views Day of Remembrance of Khmer Rouge Terror

BK2105112796 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 20 May 96

["Political commentary": "The Unforgettable Crimes"]

[FBIS Translated Text] Today, 20 May 1996, is a day to remember the souls of the victims of the genocidal Pol Pot-Ieng Sary-Khieu Samphan regime. Every Cambodian who experienced that most destructive danger clearly understands this day to reminisce on that rancor.

On 20 May 1975, Pol Pot, chieftain of the Democratic Kampuchean regime, started a large-scale campaign to massacre people by any means. Therefore, recalling 20 May is not an attempt to reopen old wounds. The profound objective of this remembrance day is to remind those who have forgotten the past that genocidal crimes really took place in Cambodia from 1975 to the end of 1978 and that those crimes were committed by the Khmer Rouge.

This 20 May remembrance day is being held at a time when the Khmer Rouge and their supporters are intermingling their propaganda networks from Phnum Malai to Phnom Penh and from Phnom Penh to Phnum Malai using a single frequency and a single lip to make the Cambodian people forget their rancor against the crimes the Khmer Rouge committed and then turn to embrace their bloodstained hands.

Should we forget these crimes? We who suffered under the genocidal regime and escaped unfair death under that barbarous regime, we bow our heads to pay homage to the victims with sadness and reminiscence.

People throughout the country lost members of their families in the jail without walls of a regime that lasted for three years, eight months, and 20 days. The souls of the victims are calling on their children, brothers, and

friends to arrest all those cruel and barbarous criminals and bring them to trial before an international tribunal, as was done to the Nazi criminals in the past and is being done to the Serbs at present.

During the past decade, especially since the elections sponsored by the United Nations, the Pol Pot-Ieng Sary-Khieu Samphan clique has continued committing many cruel and barbarous crimes, such as massacring innocent people with machine guns and firing cannon shells and rockets into districts in Battambang Province such as Bavel, Ratanamondol, and Banan. This has affected thousands of refugee families from the Site B and Site 2 camps who were living there. These refugees became homeless and were cut off from food and separated from their families. These are just some of the many new crimes in addition to the heinous crimes committed in the past against our innocent people by the Khmer Rouge rebels.

All of this clearly shows that as long as the Khmer Rouge exist, our people will not enjoy security and happiness. On the contrary, to develop society, promote rural development, and make the people get rich before the state, we must eliminate all the Khmer Rouge from our national society, using whatever means and measures.

Lately, not only has the Khmer Rouge attacked the Khmer Royal Armed Forces (KRAF), but they have also fired hundreds of shells into the villages of our innocent people, killing many; burning down houses; damaging agricultural produce; and causing great misery to people in outlying areas who want nothing but to live in peace to be able to improve their livelihood.

Therefore, the task of the KRAF is to ensure 100 percent peace and security. This means they must strive to check these cruel and barbarous elements from inflicting destruction on our people and seek their hideouts to eliminate them once and for all.

The Khmer Rouge are an obstacle to the development of our beloved motherland. At present, although the wounds on the body and the material damage have been healed and remedied, blood is still dripping from mental wounds.

We will always remember and engrave all these crimes on our minds. This does not mean that we are mobilizing for vengeance. Our pledge is to avoid resolutely the return of the genocidal Pol Pot clique — the evil mark on our history.

Cambodia: Information Minister on Planned Landmine Ban

BK1905100096 Bangkok THE SUNDAY NATION in English 19 May 96 p A3

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] Phnom Penh — Mine-ridden Cambodia has finished drafting a law banning anti-personnel mines, including their use by the military, according to a senior Cambodian official.

The ban on using, commercializing and exporting anti-personnel mines, which is expected to pass the National Assembly this year, will impose heavy fines and prison terms for offenders, said Information Minister Ieng Muli recently.

"The draft laws have been supported by ministries concerned, including defence affairs, Second Prime Minister Hun Sen and the chairman of the National Assembly, Chea Sim. Politically, it is unanimously supported, although there are still some people who want to use land mines," said Muli.

The laws will provide one to two years' probation, during which authorities in charge of using and stocking landmines will report to designated authorities about specific stores and whether already planted landmines have been pinpointed on maps.

Cambodia, among the most heavily mined nations after decades of civil war, estimates that there are between eight and 10 million landmines throughout the country. The cost in human terms: about 300 Cambodians, including women and children, are maimed each month.

Ieng Muli said the laws will provide compensation for mine explosion victims and other humanitarian and rehabilitation assistance.

"For the time being, only the Khmer Rouge use mines, to protect themselves from military offensives," he said. "From our side, we have to learn not to use mines step by step. That's why the laws will provide a probation period for implementing them.

He identified six mine-ridden provinces: Battambang, Banteay Meanchey, Kampot, Kompong Speu, Kampong Thom and Kampong Speu.

The minister at a special session of the International Committee of the Red Cross aimed at promoting awareness of the danger posed by landmines. [sentence as published]

Muli referred to the landmine control pact reached in Geneva at a recent international conference that

witnessed strong but ineffective efforts by Cambodia and other countries for a total ban on landmines.

Failing to achieve the ban, 53 countries at the conference agreed only to restrict the use of anti-personnel mines.

It reduced the threat posed by mines making them easier to detect and demanding a built-in self-destruct mechanism that would render them useless within 120 days after being laid.

"We don't really feel comfortable and regret that the world community cannot meet the requirements of countries like ours that are victims of the mines. We will still push for a total ban," Ieng Muli said.

Cambodia will nevertheless sign the UN protocol on mines despite its apprehensions.

He pointed out that the Geneva conference's demand that landmines must feature metallic parts in order to be detectable is impractical because there is no means to investigate or control the situation, he added.

To date, Muli pointed out, the best way to locate and destroy mines in order to reclaim land for safe public use is manually. He said he's looking for other methods to help accelerate the process, including sniffer dogs from Thailand and high-tech, remote-control mine clearance vehicles from Sweden.

There are two agencies, the Cambodian Mine Action Centre and the Mine Action Centre, helping demine Cambodia.

Cambodia: Khieu Samphan on Current Situation

BK1705122996 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 15 May 96

[Interview with Khieu Samphan, prime minister of the Provisional Government of National Union and National Salvation and chairman of the National Union Party, by an unidentified station correspondent; place and date not given — recorded]

[FBIS Translated Text] [Correspondent] My respects to Your Excellency the Prime Minister. Hun Sen said that with or without Ranariddh, he would continue to maintain the two-headed administration. What is your opinion?

[Khieu] Thank you, representative of the radio of the Provisional Government of National Union and National Salvation [PGNUNS], for asking this question. I would like to answer it according to my understanding. Allow me recall that the communist Vietnamese stooge Hun Sen has stated that he did not care a bit if anyone wanted

to pull out of the coalition. Now he has said this again. What did he mean?

In my opinion, communist Vietnam has ordered Hun Sen to make that statement as a warning that even without the king or Ranariddh, other persons can be found to replace the king and Ranariddh, or any Nguyen, Ngoc, Le, or Duc will be used to replace the king and Ranariddh in order to show to the world that a reigning king, a monarchy, a royal government, a coalition of parties, pluralism, and so on still exist.

As for ministers such as Yu Hockri and the like, communist Vietnam and Hun Sen are not worried because they know very well that these guys will not go anywhere. In the past, these jerks were washing dishes in U.S. restaurants. Now communist Vietnam has bought them and turned them into theatrical ministers. Since they are getting their regular monthly pay, these guys will not go back to their dish-washing jobs. The communist Vietnamese want to warn others that they are able to conjure up a two-head, three-head, or even 20-head administration if they want to. However, the problem is this: Who can they fool and who still needs these phony souls of theirs? The clear answer is: no one. With just a glance from afar people will immediately realize that these are none other than the black-toothed communist Vietnamese; they will throw up and walk away. This is their doom.

[Correspondent] Now Ranariddh has returned to Phnom Penh. He announced that, first, he would not surrender and, second, that there must be power-sharing. What is your opinion?

[Khieu] I also would like to answer this question according to my understanding. In my opinion, the past three years have clearly proven that communist Vietnam and its stooge Hun Sen have not shared power with anyone. They refused to hand over power when FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] won the UNTAC [UN Transitional Authority in Cambodia] elections. They opposed the results, declared the secession of seven provinces, and staged a coup d'etat. Everybody knows about all this. And everybody knows how authoritarian, dictatorial, and fascist they have become later on. In a word, they have not given up their strategy of snapping at and swallowing up Cambodia. They have allowed monarchy, democracy, and pluralism to exist in name only.

[Correspondent] If they refuse to share power, what does Ranariddh think, what does FUNCINPEC think?

[Khieu] I cannot say what is in Ranariddh's mind. However, I understand that if communist Vietnam refuses to

share power, the majority of respectable FUNCINPEC members, the majority of respectable monarchists, genuine children of Samdech Euv [Sihanouk], and genuine ANKI [National Army of Independent Cambodia] soldiers will not remain idle and let themselves be killed or kicked around by communist Vietnam and its stooge Hun Sen; they have gone through and experienced this themselves over the past three years; they are extremely indignant.

It is now time to make preparations for the 1997 elections. The objective of the 1997 elections is to organize authorities at village, commune, and district levels. If FUNCINPEC remains top-heavy, it will get nothing in the 1997 local elections. And FUNCINPEC will also lose in the 1998 general elections. It will then have to rely entirely on the generosity of communist Vietnam and its stooge Hun Sen. And the latter will not hesitate to be generous. Of the 120 seats, they will not hesitate to give FUNCINPEC 50 seats so that those dish washers in U.S. restaurants can continue to have salaries and a handful of them can remain ministers. This will not present a problem.

Look, in the past three years, FUNCINPEC has had 58 seats and the Communist Party, communist Vietnam's puppet, only 50 seats. Yet the post of National Assembly Chairman continues to be held by Chea Sim, the most servile stooge of communist Vietnam; and they continue to rap others' heads with their knuckles at will.

[Correspondent] Do you think communist Vietnam still has some tricks up its sleeves?

[Khieu] Yes, we all know communist Vietnam. It is well known for being foxy, crooked, and invidious. It surely has tricks up its sleeves. For example, it has appointed Toan Chay governor of Siem Reap. Yet, Toan Chay remains a nobody. His head is rapped whenever he goes in or out of a room. Why? Because the men under communist Vietnam and the Communist Party of the communist Vietnamese puppets are posted in all provincial bureaus and departments. The soldiers, policemen, and inspectors are all those under communist Vietnam and its puppets. Administrators in districts, communes, and villages, too, are those under communist Vietnam and its puppets.

However, in my opinion, if communist Vietnam and its stooge Hun Sen use this same trick again, the majority of respectable FUNCINPEC and ANKI members and the king will in no way accept it. Everyone has had extremely bitter experiences during the past three years. They want genuine power sharing, be it in the legislature, the executive, and the judiciary or in the provinces, districts, communes, and villages. It does not have to be 60-40 power sharing; a 50-50

arrangement would be acceptable as long as this is genuine. Power sharing should not be limited to only the civilian administration; this should also be done in the army and police. The labels of co-prime ministers, co-ministers, and Khmer Royal Armed Forces cannot be used anymore. And this power sharing cannot be delayed any further. Power should be shared now so that FUNCINPEC has enough time to prepare for the 1997 and 1998 elections. FUNCINPEC is not short of respectable members; it has more than just the Yu Hokkri-type. Although during the past three years, communist Vietnam and its stooge Hun Sen have killed tens of thousands of FUNCINPEC members, many more FUNCINPEC members are left, both in Cambodia and abroad. Therefore, if communist Vietnam and its stooges, Hun Sen and Chea Sim, refuse to genuinely share power, these FUNCINPEC members will not stay with the two heads and let themselves be killed as before. Let communist Vietnam and its puppets use their Nguyen, Ngoc, Le, and Duc to form their two-headed administration; then wait and see whether the Western powers will continue to give them money. Maybe, some of them — people like Gareth Evans — will continue to give money. But this guy has already been sacked. It is now more difficult to find such a figure.

In sum, the good cards are now in the hands of respectable FUNCINPEC and ANKI members. They are holding all the aces while Communist Vietnam, Hun Sen, and Chea Sim are holding cards with just two's and three's. Their trick is to bluff with these two's and three's and use the communist Vietnamese' black teeth to threaten others. If FUNCINPEC doesn't dare play and does not know how to anyway, it will lose. FUNCINPEC and the monarchy will then die. If FUNCINPEC dares to play and knows how to, FUNCINPEC, the monarchy, and multiparty democracy will triumph and will get the support of the nation and people.

[Correspondent] Last question. In your appeal to the soldiers of ANKI and Para [noncommunist resistance fighters] of elder Son Sann you said the situation in Phnom Penh was chaotic. What is the situation now?

[Khieu] The situation remains chaotic and tense, and not only in Phnom Penh. In the provinces and districts, puppet soldiers have killed many soldiers belonging to FUNCINPEC, ANKI, and the elder Son Sann in April and May. Communist Vietnamese puppet chieftains have ordered a clean sweep. On the one hand, they are afraid that these forces will be back to smash their heads, because they have slaughtered and persecuted them for many years. On the other, they have carried out these killings to get obstacles out of the way for the 1997 and 1998 elections.

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Not just FUNCINPEC and Para people are killed. Ordinary people who oppose communist Vietnam and its puppets and who refuse to serve as soldiers and militiamen are also targeted for killing. So, the people have further cooperated with the National Army of Democratic Kampuchea and the local PGNUNS cadres to fight back. Poor people who have suffered for so many years are using knives, axes, hooked knives, machetes, flint guns, pistols, mines, stakes, and punji pits to more actively attack the enemy. They see that the enemy is very weak in the villages and communes. In the past, village and commune administrators relied on hundreds of soldiers based in 10 to 20 positions inside each district. Now, in the majority of districts — each comprising hundreds of villages, 10 to 15 communes, and tens of thousands of inhabitants — there are only one or two positions with just 10 or 20 soldiers. In some districts, there are only policemen. There is a gap. People are working together to smash commune administrators, soldiers, and policemen in their garrisons.

Former ANKI and Para soldiers under Son Sann have not remained idle and let themselves be killed. Previously they were preoccupied with hiding in villages, houses, and other places. However, no matter where they go to hide, they are pursued and persecuted. They have no way out now; they already have guns in their hands. They are now turning to smash those who persecute them. These are the people referred to as reactionaries carrying out subversive activities.

In sum, the situation has evolved this far. Hun Sen, Chea Sim, Sar Kheng, Heng Samrin, Tie Banh, Pol Saroeun, and Ke Kimyan — out- and-out lackeys of communist Vietnam — are panicking. They have suffered serious military setbacks. Furthermore they have been attacked by the masses from every direction, by the people, FUNCINPEC, and former soldiers of ANKI and Son Sann's Paras. Their final day is coming.

[Correspondent] Thank you, Excellency.

Cambodia: Khmer Rouge 'Minister' Interviewed
BK1905141196 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 17 May 96

[Interview with Chan Youran, deputy prime minister, minister of foreign affairs, and minister of the defense of national culture, literature, and customs of the Provisional Government of National Union and National Salvation, by an unidentified station correspondent; place, date not given — recorded]

[FBI'S Translated Text] [Correspondent] Greetings, Your Excellency. Our nation and people and most

of the international community in the region and the world clearly see that the traitorous two heads with Hun Sen as the ringleader are suffering in utter agony, experiencing splits, and heading toward collapse. What is your opinion regarding the latest situation?

[Chan] Thank you for raising this question. I agree with the view of our nation and people and the majority of the international community in the region and the world that the traitorous two heads led by Hun Sen, the most servile stooge of communist Vietnam, are suffering in utter agony, experiencing complicated splits, and heading toward all-around collapse. This is a new situation in which the two heads are suffering a most serious, strategic, and apparently final defeat.

On this occasion, I appeal to all our compatriots at home and abroad to join hands more vigorously in waging all forms of struggle to end the communist Vietnamese war of aggression and the traitorous two heads quickly so as to save the nation and perpetuate the Cambodian race. This is a sacred duty for all patriotic Cambodian children at this new historic juncture.

We resolutely refuse to let communist Vietnam and the late Ho Chi Minh realize their Indochinese Federation strategy. Cambodia, our beloved motherland, must remain in the hands of Cambodians forever.

I also avail myself of this opportunity to appeal to peace and justice-loving countries in the region and the world to contribute toward ending the communist Vietnamese war of aggression and genocide against Cambodia quickly. This war constitutes a great danger to the survival of the Cambodian nation as well as to regional and global peace, security, and stability. I beg these countries to join in pressuring the SRV into immediately ending this genocidal war and respecting the Cambodian people's right to determine their own destiny and live in an independent, sovereign, united, peaceful, and neutral Cambodia with its territorial integrity intact. The SRV must respect the Paris agreement of October 1991, all international laws, and the UN Charter.

[Correspondent] What is the cause of the 'two heads' agony, splits, and near collapse?

[Chan] There are many causes. Let me cite two of them here:

1. On the military front, during the recent 18th dry season the two heads suffered a very severe, strategic, and apparently final defeat. As a matter of fact, they were most shamefully defeated on the Pailin, Khla Ngoap, Malai, Sisophon, Preah Vihear, and other battlefields. The two heads were beaten by our guerrilla and people's war. They were beaten by our strategic weapons — stakes and mines. They were beaten by the heroic

and audacious feats of arms of the National Army of Democratic Kampuchea [NADK] male and female combatants and cadres and poor peasants who have braved all obstacles to save and defend the nation, people, and race.

During the past dry season, their extremely criminal maneuvers and campaigns to crush and do away with the national patriotic resistance forces of Democratic Kampuchea went completely bankrupt. Our entire nation and people, at home and abroad, and all of us are very proud of the feats of arms accomplished by the heroic poor peasants and NADK combatants and cadres. This victory cannot be separated from the courageous struggle waged by all our compatriots who have opposed the communist Vietnamese aggressors and their two-headed stooges in the name of national salvation and racial perpetuation.

2. The second cause is that the conflicts among the two heads have become more acute and profound, causing them to split and disband further in their headlong plunge toward total collapse. In fact, they are tearing at each other's throats in a power struggle. They scramble for money and sell the nation to communist Vietnam, the alliance, and dishonest foreign merchants, engaging in utterly corrupt practices, sucking the blood and gnawing at the bones of our nation and people.

They have maintained a severe conflict with our nation and people, particularly with the peasants whom they forcibly enroll as soldiers to die in their place and whose land, houses, and cattle have been grabbed by the ethnic Vietnamese and Vietnamese authorities.

They have a conflict with the king. Hun Sen has constantly threatened his majesty the king, preventing him from achieving peace and national reconciliation. No longer able to endure it, his majesty the king has decided to stay abroad. This conflict is extremely acute. It concerns the very existence of the monarchy in Cambodia, which is a national institution. Hun Sen entertains a severe conflict with all patriotic Cambodians who support the king's policy of peace and national reconciliation. He had such a strong conflict with His Excellency [H.E.] Son Sann, chairman of the Buddhist Liberal Democratic Party, that he did not hesitate to throw grenades at the latter and his party. He had a strong conflict with H.E. Nhoek Chulong, who once said that the two-headed government and two-headed parliament were illegal, meaning that the two heads do not honor the nation's Constitution and cannot set up any supreme state organs that have the right and the competence to make constitutional judgments.

The two heads can do whatever they like. They jailed Prince Sirivut and then exiled him from the country.

They closed the Khmer Nation Party of H.E. Sam Rangai. They shoot or arrest patriotic students and journalists who demand national reconciliation and an end to the war in Cambodia. They oppose and persecute patriotic FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] sympathizers who support his majesty the king's policy of peace and national reconciliation and who demand that power sharing between FUNCINPEC and the party of the communist Vietnamese puppets be carried out proportionally according to the results of the 1993 elections.

All these conflicts clearly show that the two heads with Hun Sen, Chea Sim, and Sar Kheng as the ringleaders are not Cambodians; they are communists and members of the Communist Party of Vietnam. They adore and worship the late Ho Chi Minh and the Indochinese Federation strategy of communist Vietnam. It is for this reason that they have become utterly isolated. Our people have caused them to writhe in their death throes, to split and break into pieces, and to slip toward collapse. They have no more troops with which to fight as their soldiers are running from the battlefields one after another and their commanders are deserting in droves; they are routed, demoralized, and combat-weary. They are agonizing even more now that the political and military battlefields have reached Phnom Penh.

[Correspondent] How is their social conflict?

[Chan] This social conflict is very serious, acute, and profound. Our people by the millions are starving and dying. More than 4 million ethnic Vietnamese are plundering and sacking our people's land, rice fields, orchards, rivers, ponds, lakes, forests, and other economic resources. Millions of other ethnic Vietnamese are pouring into the country to snap at and swallow up our territory, economy, and people in the same way they did to Kampuchea Kraom [ancient Cambodian territory now part of Vietnam].

At the same time, tens of thousands of square kilometers of Cambodia's eastern territory have been annexed by communist Vietnam, which continues to expand and encroach into Cambodia, driving local people to the western part of the country.

Communist Vietnam is now trampling on and destroying our national culture, literature, and customs in an attempt to wipe out Cambodia's national soul. Vietnam has destroyed and is destroying our national heritage, such as the temples of Angkor Wat. Moreover, it has sent hundreds of thousands of prostitutes to Cambodia to pollute our society and transmit AIDS to kill our people. Under the regime of communist Vietnam, Cambodia has

become a country of thieves, narcotics traffickers, and money launderers; a place where Cambodian boys and girls are sold like animals. Moreover, Cambodia has become a haven for the international mafia. In other words, our national community has hit rock bottom.

[Correspondent] In their current death throes, do you think the two heads still have some tricks up their sleeve?

[Chan] Everyone sees that the two heads have split and broken into pieces. They can no longer coexist with one another. This is because the two heads have had extremely acute and profound conflicts with our nation and people. These are national, social, and racial conflicts.

In Cambodia there is no longer a monarchy. There is only communist Vietnam's People's Republic of Kampuchea, as in 1979. Only one head is left; that is, the head of communist Vietnam and Hun Sen. The king and politicians have already stopped serving as the smokescreen for the communist Vietnamese regime in Cambodia. This is the main weakness of communist Vietnam and its puppets. They are panic-stricken and are seeking any scheme to make his majesty the king return to Cambodia and bring back the politicians who have gone abroad so they can carry on. What does the West — which has assisted the two heads, giving them all kinds of aid worth billions of dollars — think now that communist Vietnam and Hun Sen have been crushing all the Western-backed forces?

There is no more democracy, no more pluralism in Cambodia, even though Hun Sen has announced at the command of communist Vietnam that all political parties existing during the time of UNTAC [UN Transitional Authority in Cambodia] may resume their activities. This is merely a trick of communist Vietnam to fool his majesty the king into returning to their iron cage and continuing to put a seal of approval on the two heads via the 1997 local elections and 1998 general elections under the communist Vietnamese regime, thus allowing communist Vietnam to swallow up Cambodia. This is also a trick to fool the West into continuing to give money to the two heads.

Our nation and people beg his majesty the king not to let himself be taken in by the trick of the communist Vietnamese enemy. We beg his majesty the king to stay abroad. His majesty the king has the forces of the entire nation and people on his side to restore peace and national reconciliation in Cambodia.

[Correspondent] How can the Cambodian problem be solved?

[Chan] The nation and people have been fighting for more than 17 years for national salvation and racial perpetuation. As I have already said above, I ask all our brothers to carry on this struggle more vigorously. All of us are confident that we will be able to end the communist Vietnamese war of aggression and the traitorous two heads in the not too distant future. All of us must unite in great national union, national concord, and national reconciliation and form a truly national government in which all national forces can take part to solve all national and social problems in a Cambodia that is independent, sovereign, united, peaceful, and neutral with all its territorial integrity intact as it was before 1970.

Indonesia

Indonesia: General Denies British Role in Irian Jaya Hostage Rescue

BK1805141396 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 18 May 96

[FBIS Translated Text] Armed Forces commander General Feisal Tanjung said in Jakarta this morning that the military would continue to hunt the GPK [security disturbance movement] members in the forested areas of Mapnduma, Irian Jaya because they must answer for their deeds.

Gen. Feisal refuted foreign media reports that the ABRI's [Armed Forces of the Republic of Indonesia] success in the hostage rescue operation in Irian Jaya was due to support from a British rescue force. He said the military operation launched by the ABRI to secure the release of the hostages was carried out exclusively by local soldiers without any help from foreign personnel.

Touching on the issue of special promotions as a reward for the soldiers involved in the rescue operation, Gen. Feisal said that the proposal is still under consideration at ABRI Headquarters.

Indonesia: Three Hawk Jet Fighters Arrive From Britain

BK1905122096 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 18 May 96

[FBIS Translated Text] Three of the 24 Hawk jet fighters belonging to the Indonesian Air Force have arrived in Pekanbaru, Riau Province after completing a long-distance flight from Britain. Riau Province, located in the middle of Sumatera Island, is the center of Indonesia's western air defense system and is where the new aircraft will be based. The Indonesian Air Force has ordered 14 Hawk-100 and 10 Hawk-200 fighter planes from Britain. All the planes are scheduled for delivery in the coming two years.

Air Marshal Satria Tubagus, Air Force chief of staff, said another 16 Hawk planes will be procured to bring the total number to 40. The new jet fighters are multipurpose aircraft capable of aerial combat and ground attack.

Indonesia: Daily Views Efforts to Achieve Regional Peace

*BK1705110096 Jakarta KOMPAS in Indonesian
17 May 96*

[Editorial: "How to Achieve Peace and Stability in the Asia-Pacific Region?" — received via Internet]

[FBIS Translated Text] General John Shalikashvili, chairman of the U.S. joint chiefs of staff, reaffirmed the U.S. military commitment to the Asia-Pacific region after meeting President Suharto at the Bina Graha Presidential Office on Tuesday (14 May). According to Shalikashvili, the U.S. military presence is designed to maintain peace, stability, and prosperity in the Asia-Pacific region.

In Singapore one day earlier, Navy Secretary John Dalton stressed the "paramount importance" of the U.S. military presence in the Asia-Pacific region. He said the United States is historically, geographically, and demographically part of the Asia-Pacific region. The U.S. forces have been the key to the stability of this important region since the end of the Second World War.

A number of important U.S. military officers have visited Southeast Asian countries over the past several months. Among them are Walter Slocumbe, under secretary of defense for policy; Admiral Joseph Prueher, commander of the Pacific Command; and Vice Admiral Archie Clemens, commander of the Seventh Fleet. This development has demonstrated the strong efforts of the Clinton administration to send a message that the United States will not abandon its Asia-Pacific allies.

On the other hand, there has been lately a kind of anxiety shown by a number of Asia-Pacific countries over the U.S. military policy. A declaration issued by Japanese Prime Minister Ryutaro Hashimoto and President Clinton last month gave the impression that Japan was expected to expand its regional role in accordance with the 1960 U.S.-Japanese Defense Treaty. The two leaders will formulate a military cooperation plan if there is a crisis "around Japan."

The new U.S.-Japanese military alliance has caused anxiety because any active, aggressive Japanese military involvement will raise the danger of a resurgence of Japanese militarism. Foreign Minister Ai Aiwas said the proposed resurgence of Japanese forces in the

world remains a very sensitive issue and Tokyo should step cautiously over the matter.

The anxiety over the U.S.-Japanese military alliance has reflected the existence of an uncertain situation and traditional prejudice and mutual distrust in the Asia-Pacific region. We cannot forget that there have been over the past decade suspicions about China, Japan, and India being countries that have the potential to fill the vacuum in and dominate the region after former President Bush and President Clinton downsized the U.S. military forces in the Asia-Pacific region.

The post-Cold War era has forced the United States to downsize its military strength and to ask us in the Asia-Pacific region to share the defense burden. The downsizing is logical because the U.S. military forces are no longer needed to counterbalance the Soviet Union, a communist giant which collapsed five years ago. We have shared the burden by strengthening our defense through the purchase of dozens of patrol vessels, jet fighters, and tanks, for example.

The positive aspect of the U.S.-Soviet rivalry during the Cold War era was the existence of a balance of power or a bipolar system that ensured global and regional stability. At that time, the military forces of the United States and its Asia-Pacific allies succeeded in checking the spread of the communist influence into some Southeast Asian countries.

Since the Cold War ended, people have wondered whether the world is now dominated by the United States (unipolarism) or whether other centers of power (multipolarism) have emerged. Certainly, the post-Cold War era has encouraged a number of medium-scale powers such as China, Japan, and India in the Asia-Pacific region to expand their spheres of influence. It is worth noting that China and India have nuclear capabilities and are in the process of turning their respective navies into blue-water ones.

Another negative aspect of the post-Cold War era is the reemergence of complicated border disputes between Asia-Pacific countries. Here is an array of territorial conflicts: Sensaku Island (China and Japan), the Kurile islands (Russia and Japan), Tokdo Island (Japan and South Korea), the Spratly islands (China, Vietnam, Malaysia, the Philippines, Brunei, and Taiwan), Batu Puteh Island (Malaysia and Singapore), and Sipadan and Ligitan islands (Indonesia and Malaysia).

As far as we know, all Asia-Pacific countries have initiated various efforts to formulate security arrangements to anticipate an uncertain situation as a result of the border disputes. It is a bitter fact that the various bilateral and multilateral efforts have failed.

An interesting alternative will be a stable triangular relationship among the United States, Japan, and China to guarantee regional peace and prosperity. There must, however, be a harsh condition. The United States must adopt a comprehensive, consistent, and coherent policy. In reality, the current U.S. policy toward China is very inconsistent. The policy is designed to contain rather than engage [preceding four words in English] China. The Clinton administration has continually exerted pressure on China, which it has accused of resorting to business practices that run counter to the market economy, violating human rights, and pirating intellectual property rights.

Another alternative will be the use of the ASEAN Regional Forum [ARF] as a mechanism to bring all Asia-Pacific countries together to discuss how to achieve regional peace, stability, and prosperity. Various international mass media outlets have analyzed this possibility. On the one hand, a number of countries have been satisfied with the results achieved by the ARF. On the other, others have questioned the ARF's slow action.

We can understand why they are still apathetic to the ARF. For example, South Korean Defense Minister Yi Yang-ho said on Tuesday (14 May) that the ARF was unable to settle conflicts in all parts of the Asia-Pacific region. We also should ponder suggestions by several countries that the ARF be formally institutionalized so that the later's main function as a means of settling conflicts can be immediately realized.

Indonesia: Suharto's Candidacy in Presidential Election Encouraged

BK2005133496 Jakarta KOMPAS in Indonesian
20 May 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta, KOMPAS — KH [Kiai—Islamic scholar, Haji] Abdurrahman Wahid, chairman of the Nahdlatul Ulama Muslim Organization, has said that Indonesia's political situation will be complicated if President Suharto is not nominated to run in the next presidential election. The reason is that no one thus far is being viewed as a suitable replacement.

"A complicated and critical political situation will arise in the country if Mr. Suharto does not assume the president's post during the next period. This is because no candidate has yet been nominated to run for the post," he said to journalists at the organization's headquarters in Central Jakarta on the evening of 18 May.

Abdurrahman, affectionately known as Gus Dur, was responding to various speculation noted by the local

and foreign mass media following the death of President Suharto's wife, Madame Tien Suharto, on the possibility of renominating President Suharto for the 1998-2003 term.

He said that President Suharto is likely to continue at the helm until 1998, together with the vice president. "If that is not possible, then it means that we are really entering into Indonesia's new political era. This means that we will elect a person whose character is unknown to us to replace President Suharto," Gus Dur said.

According to Gus Dur, the former first lady's death has affected President Suharto. "That is natural. She was his life partner. This is only normal," he said.

Likewise, Patty Nixon, Nancy Reagan, and Hillary Clinton are said to have had influence over their husbands Richard Nixon, Ronald Reagan, and Bill Clinton respectively. "It does not mean, however, that President Suharto must resign from the president's post immediately due to Madame Tien's death. Even though her death has greatly affected him, he would not do so because that is not the right thing to do," Gus Dur added.

He added that every step taken by President Suharto had been rationally thought over. "The government will be administered just as it used to be, with or without Madame Tien. The speed and the sequence of the measures taken may be a little different. Even then, Mr. Suharto will not be affected by the question of whether or not he will become more intense or more patient. This is because he has been performing in accordance with what should be done all along," he said.

Suitable Figure

When asked about speculation that President Suharto would "step down" before his term is over, Gus Dur said that Mr. Suharto would surely hand the post over to an associate he could place his confidence in. He would then have to ask the new person to continue carrying out his policy. It is very difficult, however, to find such a person who would continue implementing Suharto's policy. "This is a complicated and critical matter," Gus Dur said.

He said that the associate must possess two characteristics simultaneously: having access to Mr. Suharto and possessing the ability to perform the president's job. Mr. Suharto currently places great confidence in someone, but it is uncertain whether or not that person has both characteristics simultaneously. "It can be said that there is only one or two persons with the two required characteristics. The people will not have full confidence in him if the person possesses one characteristic only," Gus Dur said. He refused, however, to mention any names.

He said that now there is no person practically who can replace President Suharto constitutionally without having been his associate or vice president first.

He said that a basically hypothetical question will arise: "That is, should Mr. Suharto continue to raise these preconditions until he is satisfied with the candidate who is going to replace him?"

"I am only looking at the matter rationally. Mr. Suharto has never discussed this, but he will act in accordance with a specific plan. It is not possible for us to set the criteria for the next presidential candidate because only Mr. Suharto knows what to do.

"In guessing what Mr. Suharto has in mind, at the most, I only dare mention the two characteristics. Mr. Suharto will certainly view the two elements—access and capability—rationally. Therefore, the presidential candidacy can fall on anyone. The decision does not have to depend on an existing figure," he said.

Indonesia: 'Complicated' Situation Predicted Should Suharto Step Down

BK2105060896 Jakarta KOMPAS in Indonesian
21 May 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta, KOMPAS — The Functional Group Caucus in the House of Representatives (FKP) has admitted that the political situation will become complicated should President Suharto chose not to run for the presidency of the Republic of Indonesia during a general session of the People's Consultative Assembly (MPR) in 1998. According to FKP Deputy Secretary Syamsul Mu'arif, President Suharto's leadership has managed to neutralize the controversial interests of various groups.

"Mr. Suharto's leadership is indeed dominant; nevertheless, we have the MPR as a mechanism to determine national leadership," he said in Jakarta on Monday (20 May) responding to comments made by Abdurrahman Wahid, chairman of the Executive Board of the Nahdlatul Ulama [Association of Muslim Scholars]. Gus Dur, as Abdurrahman Wahid is commonly known as, said the political situation would be complicated if President Suharto is unwilling to be renominated, because no suitable successor has been identified.

Hamzah Haz, chairman of the United Development Party Caucus in the House of Representatives (FPP), noted President Suharto's dominant role in determining succession to the national leadership. He said President Suharto has managed to maintain political stability. "Indeed, this will greatly depend on whether Mr. Suharto is willing or unwilling to be renominated as a presidential

candidate during the MPR's upcoming general session. Mr. Suharto is certainly wise enough to take the appropriate steps," Hamzah Haz said.

M. Hatta Mustafa (FKP), deputy chairman of House Commission II (in charge of home affairs), also admitted President Suharto's ability to maintain Indonesia's political stability. "I see the integration factor in Mr. Suharto. This, however, does not necessarily amount to underestimating the potential of other nations. Opportunities will later become an important factor," he said.

Hamzah Haz is convinced that there is no rivalry for the national leadership. "If a succession takes place, Mr. Suharto himself will play a major role in choosing a successor, because the continuity of national development is at stake," the FPP chairman said. "There will be a different situation if the Functional Group [Golkar] and the Armed Forces of the Republic of Indonesia have different candidates. There will be no problem if the Golkar and the ABRI maintain their current stance," he added.

Strong Figure [subhead]

Meanwhile, ABRI Caucus Chairman Suparman stated that in the future Indonesia would need a strong figure to embrace all groups within the society. "Mr. Suharto has the ability to do so. Moreover, Mr. Suharto as the holder of the MPR mandate, still has to prepare the 1998 Broad Outline of State Policies.

According to him, whether President Suharto is willing or unwilling to be renominated as a candidate for the presidency of the Republic of Indonesia for the 1998-2003 term will be seen when he accounts for his duties as the holder of the MPR mandate during the MPR general session in 1998. "What is important now is to encourage Mr. Suharto to perform his duties well as the holder of the MPR mandate. In my opinion, Mr. Suharto has managed to perform his duties well," Suparman said.

He admitted that the passing away of First Lady Siti Hartinah Suharto had affected President Suharto. "We must, however, remember that Mr. Suharto was once an ABRI personnel always ready to face dilemma. In addition, he is a statesman who will not sink in sorrow," the ABRI Caucus chairman said.

Suparman urged community leaders not to issue statements that could confuse the people, especially regarding the current political situation. The ABRI, Suparman said, is convinced that the political situation will be good in 1998 and there will be no upheavals.

"The ABRI remains united and committed to the success of the MPR general session in 1998. The ABRI wants to play beautifully and does not want irregularities in the

general election. The ABRI will ensure security during and after the general election," he stated.

Mu'arif had a different opinion. He said every citizen has the right to express his or her opinion. An individual or an institution can assess the current situation. There is no restriction. "This strongly applies to a high-caliber Gus Dur. As the leader of Indonesia's largest mass organization, he certainly does not talk carelessly or indiscriminately," Mu'arif said.

Philippines

Philippines: Customs Official on APEC Subcommittee Meeting

BK1805145796 Manila MANILA BULLETIN
in English 18 May 96

[Report by Raul V. Gonzales — received via Internet]

[FBIS Transcribed Text] Customs officials from 18 member-economies of the Asia-Pacific Economic Cooperation (APEC) started yesterday the second session of the Sub-Committee on Customs Procedures (SCCP) at the Shangri-La's Mactan Island Resort in Cebu.

Deputy Customs Commissioner Titus B. Villanueva, chairman of the SCCP, said that the SCCP aims to facilitate trade transactions among APEC economies through the simplification and harmonization of customs procedures.

"In its previous sessions, the SCCP formulated its vision statement, guiding principles and common action plan. The highlight of the May session is the drawing up of framework for technical assistance that would help member-economies in implementing their common action plan," he said.

The common action plan is a nine-point program of projects and activities which the customs administrations of the APEC member-economies are committed to undertake to achieve the SCCP goal of simplification and harmonization of customs procedures in the Asia-Pacific region.

Villanueva said that the SCCP's projects, particularly the technical assistance component, may be funded through the mechanism of Partners for Progress (PPF) or the "Murayama Fund" of APEC. Technical assistance may be coursed through bilateral and multilateral programs as well as international organizations, he said.

He said that the common action plan "includes such activities as harmonization of tariff structure with the HS (Harmonized System) Convention, transparency of customs procedures, harmonized customs valuation system, advance classification ruling system and customs computerization through the adoption and support of the

UNEDIFACT [UN Electronic Data Interchange for Administration, Commerce, and Transport] system."

Villanueva stressed that the wide-ranging SCCP programs will enhance and improve Philippine customs operations as well as the expertise and capability of its customs personnel which will eventually result in the expansion of the Philippines' trade transactions with other member-economies and the opening of foreign markets for Philippine exports.

Philippines: VSAT Facility Boosts Intraregional Communications

BK2005051696 Manila BUSINESS WORLD
in English 20 May 96

[Report by Marifi S. Jara — received via Internet]

[FBIS Transcribed Text] Davao City — Communication linkage in the Brunei-Indonesia-Malaysia-Philippines-East Association of Southeast Asian Nations Growth Area (BIMP-EAGA) has been given a boost with the opening of very small aperture terminal (VSAT) facility last 17 May.

This new BIMP-EAGA telecommunications network will initially provide three direct communication links: Davao-Surabaya (Philippine-Indonesia link); Zamboanga-Kota Kinabalu (Philippine-Malaysia link); Davao-Brunei, Zamboanga-Brunei (Philippines-Brunei link).

The system cuts down connection time as it does away with the telecommunication route through Manila.

The installation of the VSAT facility stems from the memorandum of understanding (MoU) signed among the Philippine Long Distance Telephone Co. (PLDT), JTB of Brunei, Indosat of Indonesia and TM [Telekoms Malaysia] of Malaysia in 1994.

That MoU called for the development of telecommunication infrastructure and services within BIMP-EAGA, with Brunei acting as lead country.

Ayala-owned Globe Telecommunications Inc. and Major Telecommunications Corp. have expressed interest in sharing the VSAT facility to provide company-to-company services. This means Globe and Major Telecoms will be handling direct linkages within EAGA for corporate subscribers.

The firms who signed the MoU are also considering the installation of fiber optic facilities between the Philippines and Indonesia, telecard facilities, mobile satellite communications, and the development of telecommunication requirements in Mindanao and Palawan.

However, PLDT officials admitted these future plans may take a while to realize since proponents have yet to thresh out technical and political considerations.

"We are looking at a seamless telecommunications system in the region but we have to consider that the Philippines and Indonesia, for instance, are using different technologies," said Teodoro Espiritu, head of PLDT Davao Central.

"We still have to decide which country's frequency to use and fact these countries have different political systems ... is a major factor," he added.

PLDT is planning to use the pending Mabuhay Satellite facility for telecommunication needs once it becomes operational.

Mr. Espiritu said PLDT will maintain other transponders for "back-up" purposes.

In another development, PLDT also announced the implementation of reduced rates within EAGA effective this month following the recent approval of the National Telecommunications Commission.

The 5% to 20% reduction on call rates aims to stimulate telecommunication traffic flow in the area.

Philippines: Ramos, Malaysia's Mahathir Agree To Set Up EAGA Airline

*BK2005075796 Manila PNA in English
1242 GMT 18 May 96*

[Received via Internet]

[FBIS Transcribed Text] Manila, May 18 (PNA) — President Fidel V. Ramos directed Foreign Affairs Secretary Domingo Siazon, Transportation and Communication Secretary Amado Lagdameo, and Presidential Assistant for Mindanao Paul Dominguez to work jointly to actualize the plan to establish a single regional airline company to be owned by the countries comprising the East ASEAN Growth Area (EAGA).

"It is well known that Malaysia in 1995 started an airline service to serve the EAGA routes but this must be formalized within the EAGA framework agreements among BIMF [Brunei-Indonesia-Malaysia-Philippines]," the president said.

At present, regional airlines serving the EAGA areas are reportedly owned by individual countries.

President Ramos and Malaysian Prime Minister Mahathir Mohamad, during their bilateral meeting in Tokyo last Friday, agreed to set up the airline with the participation of the private sectors.

The two leaders jointly urged Indonesia and Brunei Darussalam, the other members of EAGA, to extend their cooperation to the venture.

Philippines: PRC's Widening of Baselines in South China Sea Viewed

*BK2005142396 (Internet) The Journal Group WWW
in English 17 May 96*

[This web page publishes material from four daily newspapers and a weekly magazine put out by the "The Philippine Journalists, Incorporated (PJI), also known as The Journal Group." The dailies are THE PEOPLE'S JOURNAL, THE PHILIPPINE JOURNAL, THE PEOPLE'S JOURNAL TONIGHT, and THE PEOPLE'S TALIBA. The weekly is the WOMEN'S JOURNAL; report by Tessi Cruz]

[FBIS Transcribed Text] In a statement, the Department of Foreign Affairs [DFA] pointed out that China's decision to widen its baselines, including the disputed South China Sea, "disturbs the stability of the area, sets back the spirit of cooperation that has been slowly developing in the South China Sea, and does not help in the resolution of the disputes there."

China announced Thursday it would expand its maritime territory by about 2.6 million square kilometers in line with the UN Maritime Convention.

The move, reports said, will increase the sea area under Chinese jurisdiction from 370,000 square kilometers to three million square kilometers.

Specifically, areas included in China's expansion are those around the group of disputed islands in the Spratlys as well as those sea adjacent to Mainland China.

The decision was adopted Wednesday by China's highest legislative body, the standing committee of the National People's Congress.

Aside from the Philippines, Vietnam also reacted and accused China of violating international law.

In its statement, the DFA asked China to settle its differences with the other Spratly claimants "in a friendly manner on the basis of equality and mutual respect."

China is the 87th country to adopt the UN Maritime convention, which took affect in 1994. It requires signatories to respect a 200-mile exclusive economic zone off a nation's coastline, including outlying islands.

Philippines: Navy 'Not Alarmed' by New PRC Structures on Mischief Reef

BK2105061596 Quezon City Radio Filipinas in English 0230 GMT 21 May 96

[FBIS Transcribed Text] The military disclosed yesterday that China has built additional structures on the Philippine-claimed Panganiban [Mischief] Reef in the disputed Spratly Islands.

Commodore Eduardo Maria Santos, Philippine navy spokesman, said the new structures are two fishermen's shelters linked to the main structure by a catwalk. He said a reconnaissance flight by the airforce discovered the new structures last month. These new rectangular fishermen's quarters are made of nipa [palm] and other indigenous materials, Santos said.

The Navy also discovered a new communication antenna in the new structure. Santos said the presence of Chinese troops and naval vessels near Panganiban Reef or Mischief Reef was not confirmed. China has insisted that the structures on Panganiban Reef are just shelters for Chinese fishermen. Vice Admiral Pio Carranza, navy flag officer in command, said the military is not alarmed at the improvements made on the Chinese structures.

The navy confirmed the two Filipino fishermen have been detained on Vietnamese-held Cornwallis Reef in the Spratlys since 6 May. The fishermen were boat captain Sony Allah, 38 of Zamboanga City and Edwin Baladeras, 30 of Zamboanga del Sur. The Department of Foreign Affairs has asked the Vietnamese Government to release the two fishermen.

Philippines: Ramos Returns From Japan; Activities Detailed

BK1805140296 Manila MANILA BULLETIN in English 18 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] President Ramos reported that he has been assured of Japan's continued assistance in the Philippine bid to become a newly industrialized country (NIC) by the year 2000 upon his return last night from Tokyo where he attended the Second International Conference on the Future of Asia.

The President and his party arrived at the Ninoy Aquino International Airport (NAIA) last night following meetings earlier in the day with Japanese Prime Minister Ryutaro Hashimoto and the Japan business community.

The Japanese leader gave the assurance to President Ramos of his country's economic assistance and cooperation during their meeting yesterday morning at Tokyo office.

Mr. Ramos raised the need for greater access of Philippine products to the Japanese market, to which Hashimoto replied that Japanese agencies concerned will act upon the matter.

The prime minister also pledged his government's all-out support to the holding of the Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting to be hosted by the Philippines in November.

The President said they reaffirmed the importance of the Philippines-Japan partnership, "particularly in the present stage when we are in the midst of redefining East Asia's future economic and political shape."

"We examined the steadily improving state of our bilateral relations. We were in agreement that there is tremendous potential for substantial expansion in our economic cooperation, especially since both our country are moving forward with economic opening up and reform programs," Mr. Ramos said.

The President also said that they discussed the recent trends in the regional security environment, including developments in the South China Sea.

They also reaffirmed the imperative of encouraging closer regional security through the ASEAN Regional Forum and other mechanisms.

"We agreed that East Asian nations certainly have the capacity to tap large reservoirs of goodwill and understanding that can help to overcome actual and potential regional problems," he said.

Competitiveness

President Ramos told the Japanese business community yesterday that the government is gearing up all sectors of the Philippine economy towards global competitiveness in its bid to become a dynamic player in the Asia-Pacific community.

Speaking at a breakfast meeting with top Japanese businessmen organized by the Nihon Keizai Shimbun at Hotel Okura, the President said that the unprecedented policy reforms initiated by his administration have changed a protectionist, closed and highly regulated Philippine economy into an open, deregulated and liberalized business environment.

"We are continually making it easier for investors to enter many of our key industries and sectors," he said. "We are making the operating framework more conducive for doing business. We are expanding our infrastructure system with substantial participation of the private sector. And we are improving the financing environment."

Mr. Ramos noted that Japanese business has been comparatively slow in taking advantage of the new opportunities in the Philippines.

Figures show that compared with other Asian and Southeast Asian countries, the Philippines' share of Japanese overseas investment has been low in spite of the fact that Japan is the country's second largest investor next to the United States.

"For example, Japan's direct investments in ASEAN (Association of Southeast Asian Nations) in 1994 reached \$5.1 billion (as per data from Japan's Ministry of Finance). Out of these, \$1.8 billion went to Indonesia, \$1.1 billion went to Singapore, \$742 million went to Malaysia, \$719 million went to Thailand, while only \$668 million went to the Philippines," Mr. Ramos said.

The President said that this also indicates the need for Philippine products to penetrate the Japanese market and for Japan to remove restrictions on Philippine products, such as fresh bananas and pineapples and nata de coco.

Wider access for Philippine products would enable the country to correct the present trade imbalance which is lopsided in Japan's favor, he added.

The President invited more Japanese assemblers, contractors as well as small- and medium-scale entrepreneurs to invest in electronics, autoparts, metals fabrication, machinery, plastics, packaging and food processing in the Philippines.

He said that Japanese investors can take advantage of the following opportunities:

- Deregulation of industries.
- Privatization of state enterprises.
- The amendments to the Foreign Investment Act.
- The expanded Build-Operate-Transfer Law.
- Special economic zones in former American military bases such as Subic Naval Base, Clark Air Base and Camp John Hay.
- Tourism.
- The 1996 Investment Priorities Plan.
- Portfolio investments.

"All these opportunities are excellent vehicles for ushering in a new era of Japan investments in the Philippines," the President said.

Cooperation

President Ramos exhorted yesterday all the countries in Asia to upgrade and strengthen their political cooperation to match the intensity of the current economic dynamism in the region.

The President made the call at the second international conference on the "Future of Asia" held at the Hotel Okura. The affair was sponsored by the Nihon Keizai Shimbun, Japan's largest economic newspaper.

"It is ironic that, while regional economic cooperation has flourished, regional political interaction and security cooperation have yet to be fully developed," the President said. "Thus, I believe, it is time we upgrade our institutions of political cooperation to reflect more accurately the intensity of our economic and security interdependence."

Mr. Ramos declared that the lack of mediating regional institutions can engender regional instability, "particularly when political problems are serious and deeply felt."

Thailand

Thailand: Deputy Premier To Raise Shrimp Import Ban Before Clinton Visits

*BK1805112196 Bangkok BANGKOK POST
in English 18 May 96 p 24*

(Unattributed report)

[FBIS Transcribed Text] Thai objections to a U.S. embargo on shrimp imports are likely to come before U.S. President Bill Clinton next week at meetings of the Pacific Basin Economic Council (PBEC) and Thailand-U.S. Business Council.

Deputy Prime Minister Annuai Wirawan plans to join meetings which will this year focus on "Beyond Rhetoric: Implementation Free Trade and Investment in the Pacific Region."

He said PBEC includes executives from the Pacific region. U.S. President Bill Clinton would join the meeting. About 1,500 government and business leaders of the Pacific region will participate.

Dr Annuai will be also a key speaker on trade liberalisation and the goal of the Asia-Pacific Economic Corporation.

He said Thailand will raise the U.S. embargo on shrimp imports because the U.S. "had violated" the World Trade Organisation's regulation.

The case would be again raised in the meeting with U.S. Trade Representatives in the ASEAN economic ministers meeting in Indonesia this July.

Dr Annalai said he would tell the meeting that developed countries should treat developing countries as equals, despite two stages of liberalisation.

Meanwhile, Deputy Commerce Minister Montri Danphalbus said the ministry will study whether a fund should be introduced to help seafood industries solve problems when competing with other countries.

Thailand: Plotprasop Comments on U.S. Ban on Shrimp Imports

BK1805094196 Bangkok PHUCHATKAN in Thai
16 May 96 pp 1, 2

[Unattributed report]

[FBIS Translated Excerpt] Plotprasop Suratwadi, director general of the Fishery Department under the Ministry of Agriculture, comments on U.S. ban on shrimp imports.

Plotprasop continued: "If it is a matter of helping other NAFTA [North American Free Trade Area] countries, Thailand must join hands with other ASEAN and APEC member countries to work out retaliatory measures. The Ministry of Commerce must act as the coordinator in this regard. We must be able to fight in all circumstances. So far, we must admit that we have not yet started doing anything." [Passage omitted]

Meanwhile, the Fishery Department has adopted a few measures to cope with the impact of the U.S. restrictions as follows:

1. Expeditionally find new markets to absorb 30 percent of the shrimp normally exported to the United States.
2. Design and experiment with our own turtle excluder device to avoid being sued for U.S. copyright violation.
3. Issue domestic farming certificates for shrimp farms.
4. Join other ASEAN member countries to lodge a petition with the World Trade Organization against the U.S. unfair trade practice.

The Fishery Department has also secured 1 billion baht budget from the cabinet to finance the setting up of a center or an institution that will be in charge of the prevention of environmental destruction caused by black tiger shrimp farming. Officials are selecting a site for the construction of the center in the southern provinces of Songkhla and Satun. [Passage omitted]

Thailand: Report on Interview With China's Zhu Rongji

BK2005123596 Bangkok THAI RAT in Thai
20 May 96 p 9

[Report by Sansani Naropakan on an interview with Chinese Vice Premier Zhu Rongji by Thai correspondents in Bangkok — date not given]

[FBIS Translated Text] On the occasion of Chinese Vice Premier Zhu Rongji's official visit to Thailand at the invitation of the Thai Government to strengthen Thai-Chinese relations, the Chinese vice premier gave the following interview with Thai reporters:

[Correspondent] What is your view of the U.S. attempt to block China's membership in the WTO and U.S. allegations about Chinese violations of intellectual property rights?

[Zhu] First, allow me to convey my regards to the Thai people on my current visit to Thailand at the invitation of the Thai Government. We have received a warm reception and wish to express our thanks. The purpose of the current visit is to further promote friendly cooperation between our two countries.

The United States has used political reasons to block China from its rightful status in the GATT. China has tried hard to enter the WTO, and it possesses all the required credentials. China is a developing country, but the United States is demanding that China conduct itself as a developed country. This is unfair. China will not be able to join the WTO as long as the United States does not change its stance.

China will persist in its efforts, and I believe that soon it will be able to convince other countries to realize that the U.S. stance regarding the issue of China's intellectual property protection is unreasonable. The Chinese legislature already meets international standards. China has made its best efforts regarding protection. I am not saying that there is no violation of intellectual property in China. A violation can happen in any country, even the United States. It has to do with the attitude of each country. As for the Chinese Government's attitude regarding the protection of intellectual property, it is determined to comply with the relevant intellectual property laws.

Regarding the planned U.S. sanctions, China regards them as unwise and obsolete. The world media have opposed the U.S. sanctions plan. There is little support for such a plan, even among the American people. The president of a U.S. retailers association said that the U.S. policy will hurt the United States. Therefore, the only solution to this matter is mutual consultation.

[Correspondent] What is your view of the anticipation that China will become an economic superpower in the early 21st century?

[Zhu] Prime Minister Banhan Sinlapa-acha said during our meeting yesterday that China will become the third largest economic superpower in the 21st century. I think his remark can be attributed to his taking China's GDP into account, which last year amounted to \$700 billion and ranked seventh in the world. With China's efforts in the next few decades to maintain economic growth at 8 percent, it is possible that China will become the third largest economic power; however, that is not the only index that measures economic power. The industrial infrastructure and people's welfare must also be taken into consideration.

Let's look at the Thai economic strength overall. The important figure is GNP. The average per capita income of Thai people is \$2,400, while Indonesia's is \$920. Both the figures are higher than China's. I think that, although China could become the world's third largest economic power, its per capita income figure will not be that good and will never approach Thailand's figure. China's population is too big. Therefore, if China becomes an economic superpower, Thailand could become one as well.

For the economy of China to progress toward true superpower status, the political environment must be peaceful, the economic policy must be correct, and its relations with other countries must be promoted. All of this will require great effort.

[Correspondent] Do you think ASEAN, which will soon have 10 members, will become China's competitor in world markets?

[Zhu] China hopes that it will be ASEAN's dialogue partner. We have always cooperated with and supported the various activities of ASEAN countries thus far, and we will do more. The volume of trade between China and ASEAN is considerable.

When you said competitor, I thought you meant competing in exports to various markets, such as the U.S., Japanese, or European markets. China, as well as ASEAN countries, export to those markets. I feel that healthy competition contributes to the development of the countries concerned and enhances the production efficiency of the competing products. I have, however, heard only a few people talking with concern about competition between Chinese and ASEAN export products. This is because it is a fact that trade between China and ASEAN are complementary. There is more cooperation than competition.

[Correspondent] Is there competition between China and ASEAN to attract foreign investment?

[Zhu] There is no such competition. Both China and ASEAN countries have good environments and attractive investment points. There are many Thai investment projects in China. Thai participation in joint investment projects is very effective. Their products are sold in Western and Japanese markets. We strongly hope that economic relations between China and ASEAN and China and APEC will grow further.

[Correspondent] How do you feel about trade and security cooperation between China and Thailand?

[Zhu] Trade and economic relations between the two countries have developed rapidly. The volume of trade between them amounted to \$300 million last year. This is about the same as the volume between China and Indonesia, which is a bigger country than Thailand with a much larger population. This shows the rapidity of Thai and Chinese economic development, and investment in each other's country has grown a great deal.

On regional security, China is ready to support Thailand in its role in the world arena to maintain regional peace and security. China especially thanks the Thai Government for its adherence to the one-China policy, and it is confident that Thai-Chinese friendship will last forever.

[Correspondent] What will be the impact on Chinese economic development after Hong Kong is returned to China in July 1997?

[Zhu] Hong Kong is like a window through which China conducts its foreign trade. Most Chinese products are exported through Hong Kong. Funds from Hong Kong that are invested in China are huge. Hong Kong has currently become the financial, commercial, communication, and information center of Asia and the world. Most Hong Kong industries have been relocated in inner China. One can say that the Hong Kong and Chinese economies are one and the same.

After the British handover of Hong Kong, China will allow sovereignty on the island. China will adhere to the one country two systems policy. People in Hong Kong will be allowed self-administration. I feel that the policies will remain unchanged. If there is any change it will be in the interest of the Hong Kong economy.

[Sansani Naropakan] Concluding his interview, Zhu Rongji expressed pleasure with trade and economic cooperation between the two countries and the trend toward further growth. Problems that might occur in economic relations will be resolved through peaceful consultation. He hopes that the eighth meeting of the

joint economic and trade committee, to be held three months from now, will review the success of trade and economic cooperation and explore new avenues.

Thailand: Article Views Dilemma, Gains From One-China Policy

BK2003033596 Bangkok *THE NATION* in English
20 May 96 p A4

[Article by Kawi Chongkithawon: "The Dilemma of a 'One China' Policy"]

[FBIS Transcribed Text] Can Thailand pursue its "Chin Deao" or "one China" policy effectively without jeopardising burgeoning trade and economic ties with Taiwan?

Yes, it can with some courage and diplomatic dexterity.

To accomplish this task, it is imperative to view existing Thai-Taiwan relations in the broader parameter of regional and global contexts. At the same time, Thailand would also need to re-appraise its approach towards China and Taiwan, which has always contained a "zero-sum" element, and turn it into a "win-win" policy.

The Thai government has maintained its relations with Taiwan strictly in the context of Sino-Thai relations. Of all the ASEAN countries, Thailand is considered the only one that has adhered to the one China principle with great sensibility.

At the height of China's war games against Taiwan, Foreign Minister Kasemsamson Kasemsi defended Beijing's action saying that the Taiwan issue was an internal affair of China while other ASEAN countries were expressing concern about the implications of the military exercises on the region.

Thailand took a brave stand treating the Taiwan Strait crisis as a non-issue.

Worse, Prime Minister Banhan Sinlapa-acha went the extra mile last month to show his support to Beijing by paying an official visit there one day after the end of the three-week-long military intimidation.

Like most countries in the world that have recognised China, Thailand works hard to ensure that its diplomatic links with Taiwan do not irk China.

Thailand has either rejected or downgraded almost all of Taiwan's initiatives, including plans or activities coming from third parties that are deemed offensive to the Middle Kingdom. A proposed visits by the spiritual leader, the Dalai Lama, to Thailand was a case in point.

Whenever Thailand has wanted to move to strengthen Thai-Taiwan ties, no matter how minutely, it has been done discreetly. Thailand and Taiwan recently con-

cluded in Taipei an agreement on investment protection, the first one between the two countries, after years of negotiations and footdragging. A plan to expand and upgrade the Thai representative office in Taipei has also proceeded at a snail's pace.

For years, Taiwan's investment has been considered one of the motors of economic growth in Thailand, especially in small and medium enterprises. Last year, the Board of Trade said that Taiwanese firms had committed a total of Bt45 billion to 146 projects, making it the third largest investor after Japan and the U.S.. Its investments increased 163.2 per cent and 228.26 per cent in 1994 and 1995 respectively, the highest jump among foreign investors. China's investment paled by comparison. Thai-Taiwan trade last year totalled Bt77.3 billion in the first eight months compared with Bt62.6 billion for Sino-Thai trade during the same period.

Apart from trade and investment, Taiwan is also a major source of foreign currency earnings. Half a million people from Taiwan, the third largest source of tourists after Malaysia and Japan, visited Thailand last year, spending an estimated Bt13.5 billion. In 1994, more than 200,000 Thais worked on the island republic and remitted more than Bt12 billion.

Ironically, as Thailand continues to forge closer relations with China, dependency on Taiwanese investment and trade has increased. If this trend continues unabated, it will undoubtedly pose a dilemma for Thai policy makers sooner or later. For one thing, as long as Taiwan remains open to Thai workers from Isan (Northeast region), the Taiwan issue will not go away. Their MPs would have to react if Taipei shifts its policy or threatens to send back some of the workers.

Back in 1990, Taiwan did just that. It attempted to use its quotas on foreign workers as a lever to upgrade its presence here. The move yielded mixed results. Although Taipei's action displeased the Thai government, it brought home the message that the destiny of Thai workers depended on the mercy and generosity of the Taiwanese government. Several MPs from provinces exporting workers to Taiwan could not sit idly by. They pressured and lobbied the government and eventually gained some concessions for Taiwan.

Taiwan has been trying to pool all its economic resources in exchange for better political support from ASEAN since the pronouncement of its "Southward Policy" in 1988. But so far it has failed to win any major concessions.

However, Taiwan's representative offices throughout the region were upgraded and expanded in the late 80s or early 90s. Thailand was last in permitting Taiwan's

Far Eastern Commercial Office to change its name to Taipei's Economic and Cultural Office in late 1992. At the end of last year, a Thai-Chinese international school, operated by Taiwanese, was opened in Bangkok.

In the past few months, some ASEAN countries have readjusted their policies towards democratic Taiwan to increase their leverage against China. Both Malaysia and the Philippines have expressed support for the idea of including political and security issues for discussion in the Asia-Pacific Economic Cooperation. When Chang King-yuh, chairman of the Mainland Affairs Council of Taiwan, was in Bangkok recently to expound on the same proposal, Bangkok dismissed it as premature and said it viewed the ASEAN Regional Forum as the only forum through which to engage China. Beijing has been adamant about denying admission to Taiwan.

Partly in response to Taiwan's flurries of diplomacy in the region, China will dispatch Lu Ping, Chairman of the Hong [Kong] and Macau Affairs Office to Thailand, Malaysia and Singapore next month to reaffirm China's "one country, two systems" policy and calm disquiet about Hong Kong's future after 1997.

As in Singapore and Malaysia, which are both home to large numbers of rich and powerful overseas Chinese, Taiwan and China are competing in Thailand for a dominant position of influence. Thailand can improve the level of the playing field by carefully using the Taiwan card to get much-needed leverage against China.

After all, all countries, near and far, which have maintained good relations with China have been able to sustain equally good, if not better, ties with Taiwan.

Doubtless, China is a very important country to Thailand, strategically and economically, and bilateral ties must be promoted. But that does not mean that Bangkok has to give in to pressure from Beijing every time.

Taiwan has a new freely-elected president, Li Teng-hui. Thailand can start afresh with a more pragmatic policy that will maximise benefits from the island's economic strength without fear of China. Thailand will need courage and diplomatic finesse to turn this "zero-sum" aspect of "Chin Deao" into a "win-win" policy.

Thailand: Thai Conglomerate Opens Headquarters in Shanghai

BK2005033996 Bangkok *THE NATION* in English
20 May 96 p B1, B2

[Report by Apphisak Thanasetthakorn]

[FBIS Transcribed Text] Shanghai — After 20 years of penetration into China, Charoen Phokkharaphan [CP] Group is erecting a headquarters in the communist

country which has become another significant business area for the firm apart from Thailand.

The headquarters will be part of its real estate development project in the city of Pudong in Shanghai province — one of three big cities along the eastern coast which is the target of CP for real estate expansion. The others are Guangzhou and Shenyang, south and north of Shanghai.

The headquarters are planned 20 years after CP started to build a strong presence in the country with more than 130 projects worth over Bt100 billion in agrobusiness, manufacturing and consumer products and other industries. To guarantee the success of the real estate business, CP has secured powerful and financially-strong partners — the local authorities, Thai financial institutions and Thai businessmen.

Each project in the cities will incorporate shopping, entertainment and commercial facilities, according to Anan Sawatthananon, director and general manager of Kinghill Ltd which is 60 per cent owned by CP, 10 per cent by Thai Farmers Bank [TFB] and 30 per cent by Thai businessmen.

The businessmen include Sombat Phanitchiwa, Kritsada Kampanatsaenyakon, the Sarasin family and managements of TFB and CP. Kinghill is capitalised at U.S. \$100 million.

In Shanghai, CP via Fortune (Shanghai) Co Ltd has signed a 50:50 joint venture with Shanghai Lujiazui Finance and Trade Zone Development Stock Co Ltd. The joint venture, named Shanghai Fortune World Development Co Ltd, is capitalised at U.S. \$30 million or Bt750 million.

The joint venture has been awarded 88-year leasing contracts for two plots of land along the Huang-Pu River in Pudong. One of them, covering 260 rai, has been declared by the Shanghai authorities as a finance and trade zone, according to Ko Kim Huat, general manager of the new venture which will develop the 260 rai into residential, shopping, entertainment and office areas as well as a hotel under the "Future World" name.

The other plot, 25 rai or 1.4 million square metres, will be developed into a Bt3 billion "Future Garden" which will house residential and commercial areas.

Part of the 450,000 square metre first phase of Future World will house CP headquarters which will be developed by Interwell, a subsidiary of the Chia Tai Group of Hong Kong which is majority owned by CP and now oversees CP's business in China. Kinghill will develop a Bt8 billion shopping mall and entertainment

centre. Other tenants include Aurora of Taiwan and Kerry Group of Malaysia.

Poll of the United States and Friendship Department Store are committed to help market and manage Future World, said Anan.

Thai partners have also been secured for other projects in Guangzhou and Shenyang. Land & Houses Plc is a partner of the development project planned for Shenyang, said Anan.

CP is one of the biggest foreign investors in China with more than 130 investment projects. Currently, it is active in the feedmill industry with plants in 27 provinces. Qinghai is the only province where no CP plant is located. Additional investments are in retailing, power plants, breweries, petrochemical, motorcycle manufacturing industries and others.

Thailand: Committee Set Up With China To Boost Trade Ties

BK1805122896 Bangkok BANGKOK POST
in English 18 May 96 p 24

[Report by Chatrudi Theppharat]

[FBIS Transcribed Text] Thailand and China will soon step up efforts to remove trade and investment barriers between the two countries.

They will strengthen a joint committee on economic cooperation that has apparently achieved nothing since it was formed several years ago.

After talking with Chinese counterpart Zhu Rongji, Deputy Prime Minister Amnuai Wirawan said both sides agreed the committee would work on overcoming trade and investment hurdles.

The committee, which will meet in Beijing in August, will be headed by deputy premiers, instead of deputy finance ministers, to give it more power to make decisions.

A Government House source said China's laws and economic structure remained an obstacle to trade, despite reform of tax structure and investment regulations.

China had already carried out currency reform, with the renminbi and foreign exchange certificates being unified in renminbi bills since January 1994. It had also established foreign currency "swap" centres in big cities.

But it has kept tight control of foreign exchange, requiring private companies to maintain a strict balance between expenses and income remitted in foreign currency.

Thai investors still face serious problems in getting help from the Chinese government, such as red tape, a lack of infrastructure and uneven application of policies.

These problems will be discussed at the committee's next meeting along with issues raised by Prime Minister Banhan Sinlapa-acha during his visit to China two months ago.

Dr Amnuai said Mr Banhan asked for China to allow more imports of agricultural products including rice, sugar, fresh fruit and rubber, and investment in telecommunications.

He said Mr Zhu agreed China would increase rice imports, allowing one million tons to be imported under a quota system with a 1- percent tariff.

In the transport sector Thailand's request for new flights linking Bangkok to Chiang Rung, Sipsong-panna and Santao will be discussed next month.

In telecommunications, Dr Amnuai said China had agreed to move the orbital position of one of its satellites to avoid causing interference with one launched by Thailand.

Thailand and China allow the Krung Thai Bank to upgrade its representative office to a branch.

Beijing has offered the Bangkok Bank Plc a major stake in a bank registered in China, Dr Amnuai said.

Thailand has invited Chinese investment in electric railways, waste water treatment and deep-sea ports.

Thailand: UTV Clinches Contract To Broadcast Chinese Programs

BK2005050696 Bangkok BUSINESS DAY in English
20 May 96 p 1

[Report by Charuwan Ngam-man]

[FBIS Transcribed Text] Universal Cable TV Network (UTV), a subsidiary of TelecomAsia which belongs to the Charoen Phokkhaphan (CP) group, has signed an exclusive one-year contract with China's CCTV for the right to broadcast the firm's channel 4 programs in Thailand.

Bernard C. Sumayao, UTV vice-president of programming told Business Day that the successful negotiation between UTV and CCTV is due in large measure to the excellent and long-lasting rapport between the Government of China and CP.

"The negotiations on this major business agreement took only 30 minutes to complete," Mr Sumayao explained.

He said the agreement represents a first step towards increased business activity, such as production of programs, exchange of TV programs and joint investment in broadcasting activities for the international market.

Mr Sumayao explained that CCTV is the official authority of the broadcasting industry in China.

Anyone wanting to do business in China or with other Chinese operators must first negotiate with CCTV.

CCTV operates eight TV channels which broadcast movies, news, entertainment and documentaries.

CCTV 4, the international channel, offers a variety of programs similar to regular television stations, Mr Sumayao said.

The testing of the CCTV 4 broadcast in Thailand will be carried out in Chinese Mandarin with Chinese subtitles, with English language dubbing on certain programs.

UTV believes that showing CCTV 4 here will strengthen its cable TV operation, reaching Chinese viewers in more than 600,000 households.

CCTV 4 will be shown without additional charges to UTV's existing subscribers, Mr Sumayao said, adding that the campaign will last until the end of this year.

Another proposal from UTV is that some programs from CCTV 4 should be allowed to be dubbed into Thai language in order to expand the size of the viewing audience here, said Mr Sumayao.

He added that within this week he would go to China to discuss the proposal with CCTV and ask for permission to do so.

Thailand: Defense Minister Meets With ROK Counterpart

BK1805132596 Bangkok BANGKOK POST in English 18 May 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Thailand and South Korea have agreed to hold working-level meetings on defence policy to strengthen military cooperation and exchange.

Defence Minister Chawalit Yongchaiyut made the agreement at a meeting with South Korean Defence Minister Yi Yang-ho, who called on him at the ministry yesterday.

The ministry's Office of Policy and Planning will represent Thailand in the proposed meetings.

It is the first time South Korea has agreed to conduct working-level defence policy meetings with an ASEAN member.

The meetings are expected to expand military cooperation in various fields, including multilateral security dialogue and other regional security issues.

Chawalit said the two sides agreed to sign a memorandum of understanding increasing the scope of cooperation to include defence industries and logistics.

He said South Korea has shown an interest in strengthening its ties with ASEAN countries, especially Thailand which is considered to be strategically sited in the region, a centre for ASEAN and a bridge to Indochinese countries.

The integrated memorandum of understanding is expected to facilitate cooperation between the two countries in the area of defence logistics and defence industries under the principle of reciprocity.

"We need help from South Korea with military spare parts they make and perhaps with some F-16 spare parts which they have in large amounts," said one defence official.

"At some time in the future we might have to buy Korean weapons," the official added.

In relation to the Thai military's modernization plans, Yi has asked Chawalit to provide support to related South Korean firms and fair assessment of South Korean products in the procurement process.

Chawalit and the Korean defence minister reportedly shared the view that stability in the Asia-Pacific region was essential to the continued prosperity of their two countries.

On the situation in the Korean peninsula, Gen Chawalit expressed his belief that the current armistice system must be maintained until it can be replaced by a new and more peaceful system.

Thailand: Communique Establishing New Consulates Signed With Laos

BK1805115896 Bangkok Radio Thailand Network in English 0000 GMT 18 May 96

[FBIS Transcribed Text] Thailand and the Lao People's Democratic Republic yesterday signed a joint communique for the setting up of consulates in each other's country. Signing the document on behalf of the Thai Government was Deputy Foreign Minister Charat Phuachuai, while the Lao Government was represented by Lao Ambassador to Thailand Bounkeut Sangsomsak. The office of Thai consulate general in Laos is located in Savannakhet and will be officially opened on 30 May 1996. The office of Lao consulate general in Thailand is located in the northeastern province of Khon Kaen and will be officially opened on 7 June 1996.

Mr. Charat said Thailand also plans to set up another consulate in Laos to be located in Luang Prabang. He said the Thai Government has provided a budget of 50 million baht for the construction of an airport in Luang Prabang. Another budget of 200 million baht will be offered to finance the project. The Cabinet next Tuesday will be asked to approve the budget.

Meanwhile, visiting Lao Minister of Communications, Transport, Post, and Construction Phao Bounnaphon said the Lao Government began to invite the private sector to invest in the construction of a road from Nan Province in Thailand passing through Laos toward China. Both countries are planning another bridge across the Mekong River from Mukdahan in Thailand to Savannakhet in Laos.

Thailand: Kasemsamson in Chile, Backs South American Role in APEC

BK1805123096 Bangkok THE NATION in English
18 May 96 p B1

[Unattributed report]

[FBIS Transcribed Text] Thailand is prepared to support bids by Latin American countries for membership in the 18-nation APEC forum, Foreign Minister Kasemsamson Kasemai told his Chilean counterpart, Jose Miguel Insulza, during a recent visit.

Kasemsamson, on a two day official visit to Chile to promote bilateral economic and social cooperation, suggested that the bids be coordinated by Chile, which is the only APEC member from South America. He was quoted as saying Thailand will only support the bids if Chile raises the issue at the informal APEC leaders' summit in Manila this year.

Kasemsamson said that ties between Thailand and Chile, although separated by distance, could be enhanced in terms of regional cooperation, whether through APEC, ASEAN, the ASEAN Free Trade Area or the Mekong Subregional Economic Cooperation programme.

He said Chile should promote itself as the focal point for Latin America, as Thailand does for Indochina.

Chilean Foreign Minister Insulza also urged Thailand to support the country's bid for membership in the World Court's judges board.

During his visit, Kasemsamson gave a keynote speech on Thailand's political and economic development, emphasising sustainability and the private sector's role as well as closer cooperation with neighbouring states. He also made a courtesy call on President Eduardo Frei Ruiz Tagle.

In commemoration of the 50th anniversary of His Majesty the King's accession to the throne and in recognition of the friendship between the two countries, Thailand also donated Bt100,000 to build a botanical garden in the Chilean capital.

Local musicians will perform a concert in Santiago to launch the event.

Kasemsamson is currently in Argentina on a three-day official visit, during which he will preside over a seminar of 20 Thai ambassadors and consular generals from throughout North America to discuss Thailand's strategies in dealing with the rapidly changing region.

Thailand: Prime Minister Pledges To Improve Government Image

BK1605122696 Bangkok Radio Thailand Network
in Thai 0000 GMT 16 May 96

[FBIS Translated Text] Appearing in an interview program of the Television Channel 11 yesterday evening, Prime Minister Banhan Sinlapa-acha admitted that the image of the government, which has always tried to work for the people, may have deteriorated to some extent. However, he is ready to start all over again and is confident of overcoming all obstacles. Regarding the incident that occurred during the recent no-confidence debate, the prime minister described it as beyond his ability to handle.

[Begin Banhan recording] I know what I am doing. Therefore, I am confident that since I am sincere with the people and the country, I think that I will be able to overcome obstacles. I will be able to make the people understand that, regarding what I have done...I have no intention to avoid or evade it. I was always ready to do everything ...to face all the questioning in parliament. However, what happened was beyond my ability. I will not blame the opposition or anyone. It was really beyond my ability. Therefore, I would have to try to prevent such an incident that affected our image from recurring. [end recording]

At the end of the program, the prime minister urged more compromise among parties in the coalition government and the opposition so that the government will have opportunity to effectively solve the hardships of the people in various parts of the country. Regarding solving economic problems, he also asked for cooperation from all sides so that Thailand would be a country of the world community where the economy expands continuously and consistently.

Thailand: Phalang Tham Party To Decide on Polls After 24 May

BK105032096 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 16 May 96

[FBIS Translated Text] Police Lieutenant Colonel Thaksin Chinnawat, deputy prime minister and leader of the Phalang Tham Party, has said the Phalang Tham Party will decide whether it should continue with the coalition government after 24 May and clearly explain the reasons for its decision. Meanwhile, he said, he is in close contact with Prime Minister Banhan Sinlapa-acha. Asked if this will have any effect on the party's performance of its duties in the coalition, Thaksin replied that it depends on whether the party is given the opportunity to work. He said:

[Begin Thaksin recording] As I said before, if we cannot stay with dignity and do our work, we will go. There is no problem for us. It is not a big matter. [end recording]

The Phalang Tham Party leader said that a cabinet reshuffle is only a short-term solution to the problem. Political reform is a long-term solution. He added that the Phalang Tham Party has not set any conditions for the prime minister's cabinet reshuffle:

[Begin Thaksin recording] Our party has only 23 MP's. We cannot do anything. We will accept whatever is acceptable to the people. [end recording]

Thailand: Foreign Minister Said To Resign Effective 30 May

BK1805110496 Bangkok THAILAND TIMES in English 18 May 96 p A2

[Unattributed report]

[FBIS Transcribed Excerpt] Bangkok — Foreign Affairs Minister Kasemsamoson Kasemsi has already tendered his resignation to the Nam Thai Party (NTP) and the Ministry of Foreign Affairs, Deputy Foreign Affairs Minister Charat Phuachuai revealed yesterday.

Kasemsamoson's resignation will be effective May 30.

Charat yesterday said NTP Secretary General Police Major General Sonchai Montriwat has publicly acknowledged Kasemsamoson's departure from the party and the government of Prime Minister Banhan Sinlapa-acha.

Kasemsamoson is an outsider minister under the NTP quota. He did not run in the last general election, but he was personally favored by NTP leader Amnuai Wirawan to head Foreign Affairs Ministry.

Ever since he assumed office as foreign affairs minister, Kasemsamoson has been besieged with criticisms from party MPs who were also vying for the post.

Kasemsamoson is now on an official tour to France, Chile, and Argentina from May 10-20. [passage omitted]

[Bangkok THE NATION in English on 18 May carries a report on page A2 adding: "Foreign Minister Kasemsamoson Kasemsi will not talk about resigning from his post until next month, Deputy Prime Minister Amnuai Wirawan said yesterday. 'Foreign Minister MR [Mom Ratchawong — royal title] Kasemsamoson Kasemsi is now away on a trip abroad, and before his departure he told me he would not resign for now,' the Nam Thai Party leader said. He said Kasemsamoson would not raise the issue until the end of the month. Permanent Secretary of Foreign Affairs MR Thep Thewakun yesterday said Amnuai and Kasemsamoson had reached an arrangement under which Kasemsamoson will tender his resignation letter on June 3. He said the Nam Thai Party would meet the next day to consider the resignation."]

Thailand: Draft Constitutional Amendment Passed; Opposition Abstains

BK1805151996 Bangkok Radio Thailand Network in English 0000 GMT 18 May 96

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha reaffirmed his commitment to political reform in Thailand with the drafting of a new constitution to replace the current one. The prime minister said that he did not abandon his responsibilities by failing to present the draft amendment to the parliament himself. He was determined to push for the passage of the draft amendment and would have presented the draft to the parliament. He, however, had to meet two foreign dignitaries from China and South Korea.

Prime Minister Banhan admitted that prior to the 2 July 1995 general elections, he had no idea of the political reform. The elections, which saw rampant vote buying, prompted him to embrace political reform as his policy.

The joint sitting accepted the draft constitutional amendment by 397 votes with 133 abstentions. A 45-member special parliamentary committee was appointed — 18 from the Senate and 27 from the House of Representatives.

Opposition MF, who abstained in the voting on the draft constitutional amendment of Article 211 state their full support for a true political reform with or without the drafting of a new constitution. Chat Phatthana Party Executive Committee Member Chamlong Khrukhunthot says that the government failed to

clarify how it wanted the new constitution to be drafted nor how the political reform would be carried out. Opposition MP's, therefore, agreed to abstain in the voting. Several senators also abstained.

Thailand: Editorials Query Government's Sincerity on Reform

BK1905123496

[FBIS Report] Two Bangkok Thai-language dailies, NABO NA and KRUNGTHAP THURAKIT, carry editorials on 18 May on the joint sitting of the Senate and House of Representatives on 17 May to vote on the government-sponsored bill amending Article 211 of the Constitution. The amendment would pave the way for the drafting of a new constitution to bring about political reform. The joint session voted to amend the Constitution and set up a constitution drafting committee. The opposition abstained from voting.

NABO NA carries an 800-word editorial on page 3 entitled: "Constitutional Amendment (Again)." It reviews the proceedings of the joint parliamentary session and wonders why the meeting decided to amend Article 211 and redraft the entire constitution instead of making only the necessary changes to the current Constitution. The editorial says: "It was pointed out by several MP's during the debate that there have already been many amendments to the current Constitution. Therefore, it could be said that this Constitution has few loopholes. Thus, making it perfect in terms of democracy would not be that difficult and would take much less time than drafting a new one."

Nevertheless, the government proposed drafting a new constitution, "a process that will take years to complete." The paper speculates that the government is using a delaying tactic to buy time in office. It quotes an MP who said during the debate: "Politicians, in the government or in opposition, should look at themselves and consider whether it is the Constitution that is rotten or politicians who are rotten. If politicians are rotten, it is impossible to expect a new constitution to make them clean. It is the duty of politicians to be honest."

The editorial notes in conclusion that what the people expect from political reform is strong penalties for those who resort to vote buying or use influence, fraud, and other dishonest tactics to win elections. There must be a law to guarantee clean and correct elections, it says.

KRUNGTHAP THURAKIT carries an 800-word editorial on page 2 entitled: "Delaying Tactic." It also doubts the government's sincerity in carrying out political reform. The editorial wonders how long will it take the committee to complete drafting a new charter. The editorial says: "Opposition politicians chose to abstain from

voting for the government's bill because they doubted the government's sincerity on political reform. Prime Minister Banhan Sinlapa-acha tried to give an assurance that opinions from all parties would be taken into account in drafting the constitution. Still, how can we expect those who believe in patronage to care about the people's aspirations? We cannot help thinking that the constitutional amendment process of this government is only a show aimed at pacifying those calling for democratic political reform."

The paper says the government is using this tactic to delay political reform, as the changes in the election laws would not be in the interests of its colleagues who bought their way 19/123] Two Bangkok Thai-language dailies, NABO NA and KRUNGTHAP THURAKIT, carry editorials on 18 May on the joint sitting of the Senate and House of Representatives on 17 May to vote on the government-sponsored bill amending Article 211 of the Constitution. The amendment would pave the way for the drafting of a new constitution to bring about political reform. The joint session voted to amend the Constitution and set up a constitution drafting committee. The opposition abstained from voting.

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The paper says the government is using this tactic to delay political reform, as the changes in the election laws would not be in the interests of its colleagues who bought their way into the parliament. Let us see how long it takes this government to draft a new constitution, the paper concludes.

Thailand: Admiral To Continue To Push for Submarine Purchase

BK2005051096 Bangkok BANGKOK POST
in English 20 May 96 p 1

[Unattributed report]

[FBIS Transcribed Text] The Royal Thai Navy has refused to give up hope of acquiring at least one diesel attack submarine despite the Government's recent decision to shelve the proposed procurement of two submarines at 17 billion baht.

Navy Deputy Commander-in-Chief Adm [Admiral] Winyan Santiwisai yesterday said the Navy was hurt by the Government's decision to shelve its proposal but it would not end efforts to convince Prime Minister Banharn Silpa-archa to allow it to buy the first submarine with a five-year tied-over fund of 7.5 billion baht.

"I want to personally meet the Premier and try to persuade him to agree with the Navy's plan to buy just one submarine first. We should be allowed to spend our own budget to develop our strength to safeguard national security," Adm Winyan said.

The Budget Bureau, citing financial constraints, recently informed the Navy of its decision to suspend the submarine acquisition plan.

"When our proposal to buy two submarines was rejected by the Budget Bureau, we adjusted the plan to buy one submarine with a five-year tieover fund.

"If we see a more appropriate time, we'll forward our adjusted proposal to the Budget Bureau to look into it," said Adm Winyan.

However, he expressed concern the price of the submarines would go up by seven or eight percent.

"If the procurement plan is delayed for another year, the price of the submarines would surely rise. By then, two submarines may increase from 17 billion baht to 20 billion baht and the Government would be shocked!" he said.

Thailand: Seminar Considers Nation's Economic Future

BK1905131696 Bangkok MATICHON in Thai
16 May 96 p 7

[Unattributed report]

[FBIS Translated Text] A seminar on the topic "Thailand Vision" was held on 15 May at the Sirikit National Convention Center. At the seminar, Thai Industrial Council Chairman Chokchai Aksaranan said Thai industrial development has made great strides in the past 50 years, but has also caused negative social and environment problems. Thai industrial development is not very durable because it lacks a master plan. Thai industry amounts to assembling imported parts into finished products, which creates the account deficit problem.

Thai Bank Association President Olan Chaiprawat said changes in the economic sector happen very rapidly, adding that it is now impossible to make predictions more than three months in advance. He said it is an illusion to make economic prediction for 2000 or 2020. He predicted that Thailand's golden economic era will end in five years because the day of cheap labor will be over by then. He said the financial sector will have to adjust to a new situation after 2000. Groups within the sector must consolidate and have clear client groups. The sector should expand markets to other ASEAN and Indochinese countries and pursue information technology development to improve management efficiency.

Chalongphop Sasangkornkan, director of the Thai Development and Research Institute, said his vision of Thailand 25 years from now is one of stability, prosperity, a better quality of life for Thai citizens, greater participation by Thai people in decisions that affect their livelihood, a friendly society, firm economy, the country being a major regional economic center, and a completely democratic political system with the king as head of state. He predicted that the Thai economy will grow at an average of 7 percent in the next 25 years. If this is achieved, the per capita income of the Thai people will be about \$12,000. The Thai economy will rank 16th in the world, providing that the development strategy of making the best use of the advantages Thailand has is

employed, particularly in the agricultural sector, which no other countries can copy.

Thailand: 'Trade Service Centers' Planned for Northern Provinces

BK1905100196 Bangkok THE SUNDAY POST
in English 19 May 96 p 4

[Unattributed report]

[FBIS Transcribed Text] The Foreign Trade Department plans to set up trade service centres in seven northern provinces to boost border trade, according to the Mae Hong Son chief of commerce.

Prasit Suwannamai said experts and officials from the department inspected border trade in Chiang Mai, Chiang Rai, Tak, Uttaradit, Phayao, Nan and Mae Hong Son from May 7-May 17 and conducted feasibility studies on setting up the centres.

The centres would provide comprehensive services for entrepreneurs in the North who trade with neighbouring countries including Burma and Laos, he said.

Mr. Prasit said the survey team also visited checkpoints at Ban Huai Phueng, Tambon Huai Pha and at Nam Phiang Din, Tambon Pang Mu, Muang Mae Hong Son which would be reopened by provincial authorities soon.

The officials also plan to submit reports on border trade problems in the seven provinces to the authorities so the information can be used to find solutions, he said.

From January to April this year, 71.56 million baht in lumber and miscellaneous goods were imported from Burma via customs checkpoints in Mae Hong Son. Only 11.18 million baht in Thai products including rice, canned fish, sugar, salt, cooking oil, towels and blankets were exported to Burma.

Thailand: EU Postpones Withdrawal of GSP on Thai Farm Products

BK1705105696 Bangkok KRUNGTHEP THURAKIT
in Thai 16 May 96 p 10

[Unattributed report]

[FBIS Translated Text] Mrs. Bunthipha Simasakun, deputy director general of the Foreign Trade Department, disclosed that the European Union has decided to postpone the 50-percent reduction of GSP [Generalized System of Preferences] privileges on 12 Thai farm products from 1 July 1996 to 1 January 1997 to give time for Thailand to make the necessary readjustments to cope with the situation.

Touching on the additional increase in the quota for Thai rice exports to EU countries of over 60,000 tons,

Mrs. Bunthipha revealed that the EU Commission has disapproved the new rice export quota regulation, which requires the shipment of Thai rice to start from 1 June. Besides, the commission does not believe that the EU is ready to enforce the new regulation before the end of this month.

The resolution adopted by the EU Commission, however, has turned out in Thailand's favor as the latter prefers to arrange the shipment schedule by itself. Moreover, the new regulation also stipulates that if Thailand is unable to fulfill the export quota before the end of September, the remainder of the quota will be transferred to other rice exporting countries.

Meanwhile, Pracha Charutrakun, director general of Foreign Trade Department, revealed that Russia has announced the withdrawal of GSP privileges on several products such as perfume, jewelry, cosmetics, watches, cars, textile goods, canned juice, and electric appliances beginning 1 January 1997.

He said the suspension of the Russian GSP privileges will adversely affect Thai exports to that country. However, the value of the products in these categories that Thailand exports to Russia is very small, amounting to 0.1 to 1.4 percent of the total Thai exports to that country.

The major Thai exports to Russia are industrial products like electrical appliances, color televisions, shoes, and garments. Video cassette recorders, magnetic tapes, color televisions, and shoes are among the top ten on the list in terms of value.

Vietnam

SRV: Article Says Deaths of U.S. MIA's Confirmed Since 1994

BK2105110196 Hanoi NHAN DAN in Vietnamese
16 May 96 p 1

[FBIS Translated Text] The VIETNAM NEWS AGENCY has quoted Washington sources as saying that U.S. President Clinton signed an order on 14 May to end the classification of Vietnam as a combat zone 21 years after the U.S. troop withdrawal from Vietnam.

This order, which will become effective on 30 June, allows the Washington administration to stop providing fixed allowances to the families of those American soldiers missing in action [in Vietnam], as well as to those people searching for the remains of their relatives killed in action.

This announcement by President Clinton was made public nearly a year after the U.S. decision to normalize relations with Vietnam.

White House advisers believed that the classification of Vietnam as a combat zone was necessary until the death of the last American soldiers believed to be missing in action (MIA's) are confirmed. This condition was met since September 1994.

The U.S. order to classify Vietnam as a combat zone was promulgated on 24 April 1965.

SRV: Army Paper on U.S.-PRC Trade Dispute

BK2105110696 Hanoi QUAN DOI NHAN DAN
in Vietnamese 17 May 96 p 4

["Commentary" by Quang Loi: "Testing Mettle or Restraint?"]

[FBIS Translated Text] Another black hole has emerged in the antagonistic and problematic relationship between China and the United States.

After tense and uncompromising negotiations in Beijing, the United States and China announced trade sanctions against each other almost simultaneously on 15 May. Washington launched a new tax on about \$2 billion of goods imported from China effective 17 June if China fails to curb the piracy of U.S. compact and laser disks.

Many people remember that about a year ago a total trade war almost erupted between the two countries when the United States accused China of violating intellectual property rights. The two sides compromised at the last minute to avoid the situation of "using a rock to hit your feet," as both sides still see the other as a huge and promising market. A year has lapsed and the Americans now think the promises made by China are lying quietly in cabinets while numerous companies, large and small, continue their "tricky" business style of pirating copyrights of U.S. compact disks and computer software. Many people feel that Washington's stern reaction was not just for the purpose of "serious business cooperation" within the legal framework. U.S. strategic researchers have many times warned that without a comprehensive deterrence strategy, China, with its rapid development growth and strong reach outside its boundaries, in the not-too-far future will have an economy comparable to the United States. A clear cause of grave concern in Washington is the trade deficit with China, said to be even higher than with Japan.

In recent years, China's economy has expanded into the outside world with a strength that nobody could look down on. Even the leading economic superpowers no longer dare to bully or test China's mettle. The United States and Japan have both received hot responses from Beijing whenever they were about to use their penalty weapons. The same thing happened this time. As soon

as the United States announced its penalty measures, China responded by releasing a list of retaliatory actions including a 100 percent tax on U.S. imports as well as "other restriction measures" against U.S. goods. Considering itself a serious business partner, China has actively prepared for "provocative action" from the U.S. side. In a news conference held during a visit to Egypt, President Jiang Zemin said: "China-U.S. relations are facing some difficult problems and experiencing many ups and downs. The relationship between China and the United States must be based on the principle of noninterference in each other's internal affairs." The statement by the Chinese head of state implies that the complications and instability in China-U.S. relations are not limited to the piracy of copyrights on compact disks and computer software. Those are only the tip of a submerged iceberg of suspicion amid strategic calculations on both sides.

This mutual trade retaliation has been conducted against the background of heated debate in Washington over the extension of most favored nation status to China in early June. The debate has sowed divisions among U.S. public opinion and between Republicans and Democrats.

Those who oppose the extension of most favored nation status feel that revoking it will give the United States the "upper hand" in exerting pressure on China to change its policy along the lines demanded by the United States. They say that an extension might signal China that it can challenge the United States on a series of issues without facing any punitive action. They contend that the U.S. attitude on this issue will have a strong impact on various measures to deal with security and economic challenges in the next presidential term. This concept is quite prevalent among a large segment of senators in the Capitol. Meanwhile, many U.S. Government officials stress that declining trade relations with Beijing will damage U.S. influence over China. U.S. businessmen assert that the European countries and Japan are dumping money on various investment and trade opportunities in China — the country that may have the largest economy in the world in the 21st century — and any U.S. act to terminate most favored nation status for China would be tantamount to withdrawing from the Chinese market, thus causing great economic loss to U.S. companies. In 1995, about \$12 billion worth of U.S. goods were exported to China, generating 200,000 jobs, while Chinese merchandise exported to the United States reached \$46 billion. In addition, a number of officials from the White House express concern that revoking most favored nation status may make China feel that it was "isolated politically"; that it could damage cooperation with Beijing at the United Nations, where China is one of

the five permanent members of the Security Council; and that it may stop Beijing's support for the U.S. plan to ease tensions on the Korean Peninsula.

For these reasons, while seeking a solution to resolve trade relations with China, the Clinton administration was forced to adopt a careful policy — taking measures that seem drastic enough to please Americans who lack sympathy for China while retaining good opportunities for U.S. companies in a market of 1-2 billion people. As a result, while Washington and Beijing still look at each other as latent strategic rivals, they both want to maintain relations as unforsaken partners.

Rival or partner, cooperation or competition, inducement or restraint... in the final analysis these are the characteristics of Sino-U.S. relations. To keep relations between the two countries from plunging into a new quagmire of crisis, the U.S. secretary of state stated that the retaliatory measures announced on 15 May were aimed at warning China of the "serious" U.S. stand on intellectual copyrights.

It can be said that this is an act to test China's mettle as well as mollify U.S. public opinion. It is also part and parcel of the consistent U.S. strategy to prevent China from becoming its main rival in the future.

SRV: Commentary Views World Bank's Assistance, Cooperation

*BK2005151496 Hanoi Voice of Vietnam in English
1000 GMT 20 May 96*

[Station commentary]

[FBIS Transcribed Text] The World Bank President Wolfensohn said that in the 1996-97 fiscal year, the World Bank will lend Vietnam \$1.5 billion. He said: Vietnam's efforts in renovation and property alleviation meant it would receive additional preferential loans from the International Development Association, a branch of the World Bank. President Wolfensohn was speaking during his recent official visit to Vietnam. It was the first visit of the year to this region by the new World Bank president. His visit to Vietnam took place 12 years after Vietnam became an official member of the bank. His visit was an opportunity to further understand Vietnam's land and people and more significantly, the visit confirms the World Bank's support on the renovation process in Vietnam with its commitment of \$1.5 billion for the 1996-97 fiscal year.

The World Bank has already committed to grant Vietnam a loan of \$1.3 billion from International Development Association. The loan is being invested in 10 projects to develop Vietnam's transport system, irriga-

tion, agriculture, energy, and population control programs. In addition, the World Bank has co-sponsored non-refundable aid worth \$29 million as assistance for Vietnam's socioeconomic cause.

The World Bank is very much interested in Vietnam's program to eradicate poverty. During his stay in Vietnam, the World Bank president visited a fishing village in the central coast area where hundreds of families have received kindness from the World Bank under a financial program for rural area and primary schools. He was impressed by the development of the education system in Vietnam as well as the outcomes of the poverty eradication program. During his visit to Vietnam, the World Bank president witnessed with his own eyes the development underway everywhere in Vietnam as well as the Vietnamese leaders and people's determination in the process of renovation and in its cooperation relations with other countries. He said that Vietnam would implement its aspiration to become a country with an industrial economy [in the] next century through its people, the real resource of the country.

SRV: Cau Treo-Nappe Border Checkpoint With Laos Opened

*BK2005152796 Hanoi VNA in English
1240 GMT 20 May 96*

[FBIS Transcribed Text] Hanoi VNA May 20 — Vietnam and Laos have recently opened another border checkpoint to further promote the exchange of visits and trading for economic development between the two neighbouring countries.

The new Cau Treo-Nappe checkpoint is located in the border area shared by Vietnam's north-central province of Ha Tinh and the Lao Central Province of Bolikham-sai.

Among these present at the opening ceremony were head of the Vietnamese Government's border committee, Tran Cong Truc, senior officials of Ha Tinh Province as well as the Vietnamese consul in Laos Nguyen Van Quy. Lao Vice Foreign Minister and head of the Lao Government Border Committee Phongsavat Bouppha, and the governor of Bolikham-sai Nakhom Sisavanh were also on hand.

"The official opening of the border checkpoint will help boost the special friendship, solidarity and comprehensive cooperation between the two countries," officials from Vietnam and Laos said at the ceremony.

SRV: Na Chairman Nong Duc Manh Receives Lao Delegation

*BK1805154796 Hanoi VNA in English
1503 GMT 18 May 96*

[FBIS Transcribed Text] Hanoi VNA May 18 — National Assembly (NA) Chairman Nong Duc Manh received here this afternoon a delegation of the Economy, Planning, and Finance Commission of the Lao Supreme People's Assembly, headed by its director, Mr. Somphavan Inthavong, who are now on a working visit to Vietnam.

Chairman Manh hailed the Lao delegation's Vietnam visit as a vivid manifestation of the special friendship and solidarity between the two countries in general and the two legislatures in particular. He affirmed that he would do his utmost to boost these ties and highly appreciated the achievements recorded by the Lao people in their national socio-economic development over the past time.

Speaking at the reception Mr. Somphavan Inthavong said he hoped that the relationship between the two countries, especially between the two legislatures' commissions, would be boosted in the future.

SRV: Direct Telephone Links Opened With Cambodia

*BK1805110596 Hanoi VNA in English
0631 GMT 18 May 96*

[FBIS Transcribed Text] Hanoi VNA May 18 — A historic person-to-person call symbolized the start of direct telephone links between Vietnam and Cambodia yesterday. The call was made by General Director of the General Department of Post and Telecommunication Dang Van Than to Cambodian Post and Telecommunications Minister So Khun in Phnom Penh.

Than congratulated So Khun and his ministry for the successful joint efforts the two countries have made to establish direct telecommunications links.

Previously all telecommunications traffic between the two countries was conducted via a third country, [words indistinct] but now with two ground satellite stations in Vietnam's Song Be Province, north of Ho Chi Minh City and in Cambodia's capital Phnom Penh, the telecommunications traffic via Intelsat can go through directly without connecting through a third channel.

Vietnamese officials of telecommunications said that only 16 channels will be initially available for the link given the present low demand between the two countries.

SRV: Country Attends Conference on Future of Asia in Tokyo

*BK1805085996 Hanoi VNA in English
1512 GMT 17 May 96*

[FBIS Transcribed Text] Hanoi VNA May 17 — Vietnam attached importance to broadened cooperation among Asian countries on the basis of equality, respecting for each other's independence and sovereignty for peace, stability and prosperity in Asia.

This was stated by Vice Foreign Minister Vu Khoan at an international conference on the future of Asia held in Tokyo, Japan on May 16-17. The two-day conference drew the participation of a number of top leaders and politicians from the regional countries.

Addressing the conference, Mr Khoan also highlighted the achievements recorded by the Vietnamese people in the current renovation process, the country's open-door policy and the socio-economic development plan between now and the year 2000 and beyond.

Participants to the conference expressed their interest in Vietnam, which, they said, has big potential to develop strongly.

SRV: Deputy Foreign Minister Addresses Columbian NAM Conference

*BK2005073396 Hanoi VNA in English
0701 GMT 20 May 96*

[FBIS Transcribed Text] Hanoi VNA May 20 — Deputy Foreign Minister Le Mai has called upon the Non-Aligned Movement (NAM) member countries to be aware of the increasing gap between the rich industrialised north and the poor developing south, which he described as a major global challenge.

Speaking at the NAM Ministerial Conference in the Colombian city of Cartagena on Wednesday and Thursday, Le Mai, in his capacity as Vietnam's head delegate, said developing countries were threatened with the increasing gap with industrialised nations.

Le Mai told the foreign ministers and officials from 38 countries attending the conference that NAM member countries should preserve and consolidate NAM's 'consistent principles of traditional values' which had contributed much to consolidating the Non-Aligned Movement in the past.

The traditional values include 10 principles introduced at the Asia-Africa Summit at Bandung, Indonesia, in 1955, and other principles which highlight the preservation of peace, national independence and freedom and the building of a new world order for equality and fairness.

The other challenges included the defence of national independence, territorial sovereignty, and national identity to fight against the big powers' policies of imposing their wills on developing countries.

The Vietnamese head delegate called for the United Nations to conduct democratic reforms within its organizations and other multilateral structures.

The Colombian president called for the building of a new world order which should be genuinely more equal and fairer.

The Cartagena NAM Ministerial Conference was convened to systematise procedures and working orders for the Non-Aligned Movement.

SRV: Bulgarian Prime Minister To Visit 24-26 May
BK1805153996 Hanoi VNA in English
1457 GMT 18 May 96

[FBIS Transcribed Text] Hanoi VNA May 18 — Bulgaria's Prime Minister Jan Videnov will pay an official visit to Vietnam from May 24-26 at the invitation of the Vietnamese prime minister, says a communique released here today by the Foreign Ministry.

SRV: Do Muoi Speaks at HCM City Party Congress
BK1705154796 Hanoi NHAN DAN in Vietnamese
9 May 96 p 1,3

[Text of speech by Party General Secretary Do Muoi at the opening of the Sixth Ho Chi Minh City Party Organization Congress on 8 May]

[FBIS Translated Text] Comrade Nguyen Van Linh, adviser to the Party Central Committee; Veteran revolutionaries; and Comrade delegates: On the occasion of the Sixth Ho Chi Minh [HCM] City Party Organization Congress, I heartily welcome all delegates and through you, comrades, I convey the best wishes of the Party Central Committee to all party members and people of this city.

This congress is held in a spirit of rejoicing over the many great achievements recorded by the party organization, Army, and people of the city over the past five years in various domains. The local economy has continued to develop. Some important city infrastructure have been built. The people's livelihood has improved. Political stability has been maintained. National defense, security, and social order and safety have been strengthened. More jobs have been created and more houses for those entitled to benefits have been built. Efforts have been made to eliminate starvation, reduce poverty, and build more public housing. All forms of social activities have been developed. Education and training, public health care, sports and physical education, and environ-

ment protection have been improved. Much effort has been put into culture and the arts, the press, and publication activities to fight the poisonous and harmful cultural products, wrongful allegations, and subversive conspiracies and tricks of hostile forces. Also, much has been done to protect the party's correct line and enhance the efficiency of the state management. The activities of the Fatherland Front and other mass organizations have been broadened. The open-door policy has been implemented to attract foreign investment. The city has developed its role as a hub of the entire country.

The city party organization has paid attention to preserving party unity and unanimity, starting with the party committee. It has also linked party building with the settlement of the people's legitimate demands. On behalf of the Party Central Committee, I warmly commend the achievements of the party organization, Army, and people over the past five years. The city has lived up to the revolutionary tradition of a city bearing the name of our esteemed Uncle Ho.

Comrades, the Political Bureau heard a briefing given by the city party standing committee on its preparations for this party organization congress and the Political Bureau also gave some suggestions. As you, comrades, already took into account these suggestions in supplementing and perfecting the draft political report to be presented by the city party standing committee at this congress, I would like to emphasize the following points:

Ho Chi Minh city's political position is very important. It is second only after Hanoi. The city is a great economic, cultural, scientific, and technological hub, a large communication link, an important international exchange center, and a key point through which investment cooperation with other countries in the world and in the region will be broadened.

During the period of stepped-up industrialization and modernization, the role and responsibility of the city over the southern provinces and the entire country are increasing. This city enjoys more advantages such as the acquisition of new production capacity and a modern infrastructure, new technologies, and the shaping up of new markets. These advantages create favorable conditions for it to push for an export economy, and thus improve the mobilization of all local potentialities and foreign resources.

Yet, new and harsh challenges also exist. These include the weaknesses of our infrastructure; the exceedingly low output, quality, and efficiency of our production and business; and the infiltration of foreign goods, resulting in fierce competition. Should we fail to promptly tide ourselves over this situation, we may run the risk of having our country turned into a consumer

market for foreign products and into a source of raw materials for foreign countries. Our weaknesses also show that we have given inadequate attention to consolidating our new production relations. The state-run economy has yet to develop its leading role over certain domains, especially over trade and services. Many business establishments have operated ineffectively, thus causing losses to national property. Despite its rapid growth, the nongovernmental economic sector is still very much a uncontrolled one, in which there still exist attempts to evade business registration and state control. The scourge of corruption, smuggling, tax evasion, and the counterfeiting of goods continue to develop in a relatively serious fashion while market control is still loose.

Waste is common both in production and consumption. The wealth disparity continues to widen. Social evils are still rampant. Many degrading, poisonous, and harmful cultural products are still circulated in the city ... Hostile forces consider the city to be a key area for the execution of their conspiracies of "peaceful evolution", political destabilization, economic sabotage, and cultural and social pollution aimed at overthrowing the revolution regime, which was established through the great sacrifice of the flesh and bones of our people. These are challenges that we must overcome and these are shortcomings and weaknesses that the city party committee and government must pay special attention to by issuing instructions and guidelines to overcome them.

In the past five years, the city has recorded a relatively high rate of economic development. However, compared to the demand of an important economic center of the entire country, the city must strive to attain more stable and comprehensive development rates.

In order to achieve this, the city must develop its central role. With its advantages, the city must broaden cooperation with all other national localities, beginning with the Mekong River delta, the southeastern region, the southern part of Central Vietnam, and the Central Highlands. It must establish long-term relations, including direct and indirect ones, with other provinces, ranging from investment, the supply of equipment and technology, and the provision of technical experts, skilled workers, and assistance for other provinces to organize their production and market their products to the signing of contracts to supply materials, equipment, and goods and purchase agricultural products, food, ... so that Ho Chi Minh City can fulfill its responsibility as "a nucleus to accelerate industrialization and modernization in the region and the entire country" as set forth in the resolution of the seventh Party Central Committee. It must also broaden cooperation with major economic centers

in the region and the world through agreements signed by Vietnam with other governments.

Ho Chi Minh City must carefully calculate the development direction and rate in every industry, especially in key industries, to meet its development requirement and that of the entire region.

While continuing to develop the food processing industry, consumer products industry, and export industry, it is necessary to concentrate on the introduction of electronics and informatics into production, services, management, national defense, security, and lifestyle, making these a key industrial aspect for this city. The industrial sector for the production of machines and spare parts, biological industry, information industry, and the industrial sector for the production of high-class building materials, interior decor materials, and items to replace imported products must be given helped to develop. Industrial establishments must be reasonably planned and located. Satellite industrial areas must be broadened. New industrial zones, cities, and residential areas must be built in outer suburbs to actively assist these areas to industrialize their rural areas and agriculture.

The direction of development for agriculture in this city is to take advantage of its science and technology to increase productivity, production, and quality and transform the agriculture in outer suburbs into food production areas with good quality products for local consumption and export such as high-valued vegetables, fresh flowers, plants, ... The city must develop its advantages to equip and reequip its local agricultural areas and other localities in the region, revamp economic structures in rural areas, generate new jobs for the peasants, and link the peasants with their homeland to relieve the city from the pressure of having more people moving into it.

The relationship between this city and other cities and provinces must be built on the spirit of equality, mutual benefit, trust, and cooperation. The alliance between workers and peasants and between the city and rural areas must be strengthened for mutual assistance and development.

Science and technology, including natural science, technical science, social science, and human studies are the strength of the city, which has a great number of cadres of high professional standards. This strength must become a driving force to stimulate the development of the city and entire region. The city must quickly put scientific studies into practice to define targets, select technologies and measures, apply new techniques, and decide on development plans, including plans for joint ventures with foreign countries.

Support services are also one of the city's advantages. Every year the city welcomes the country's largest number of foreign investors and tourists. It has many representative offices of foreign organizations and corporations. To develop these advantages, it is necessary to broaden and develop various forms of support services, making it possible for the city to maintain its role as a hub of production, scientific, technological, commercial, financial, credit, and banking activities.

With a spirit of farsightedness, we must satisfactorily build our socioeconomic infrastructure; step up the renovation of our equipment; apply advanced technologies to attain high output, quality, and results; and strive to attain a per capita GDP of \$1,500 by the turn of this century. To achieve this aim, we will of course have to attract foreign investment. But it is more important that we come up with a policy to encourage the entire people to practice thrift and concentrate all the sources of capital investment on developing production and business, regarding these as crucial factors in the success of the industrialization and modernization of the country in general and the city in particular.

We need to continue the development of different economic elements. This is a long-term and consistent policy of our party, and is an essential path to bring our country out of backwardness and poverty, producing a prosperous people and a strong country; it will strengthen our national defense potential for the sake of a firm protection of the independence and freedom of the fatherland. The state and cooperative economic sectors should develop and take the leading responsibility. State business establishments should renovate and develop; their efficiency should be improved so that they can fulfill their role of leading, supporting, and accelerating the development of other economic elements. We should also strive to develop various forms of economic cooperation between different categories on the principles of equality and mutual benefit, in accordance with the particular conditions and socialization level of each locality or sector. The private economic sector should receive adequate guidance and assistance in production development investment as well as be encouraged to conduct healthy and lawful competition and to strictly observe the state's control, which aims to check speculators who try to benefit from a troubled market. We need to expand the state capital economic sector through economic joint ventures between the state and the private capital economic sector, as that will help mobilize all domestic sources for the development of the production force while ensuring compliance with socialism throughout the course of the development process.

In parallel with economic growth and in order to maintain steady economic growth, we should strive

our utmost to care for the development of education and training, the improvement of the people's general knowledge, the nurture of talent, and the building of our city into one that is prosperous, beautiful, civilized, and healthy. Education should be taken care of right from the earliest years of childhood through to maturity in the direction of building a contingent of workers who are experts in their trade and able to avail themselves of the latest scientific and technological developments as well as other modern ideas. While trying to raise the universal level of understanding of the people, we should also pay attention to encouraging talent, discovering and nurturing talented people, and enriching the sources of cadres for the city, the region, and the country.

With a population that is bigger than those of other provinces and cities, our city should pay special care to creating employment for the people by encouraging the development of all economic elements, restoring traditional trades and professions while initiating new ones, attracting more investment, and expanding vocational training and employment referral services. We should also protect the lawful rights of the employees and prevent all coercive and rude treatment of workers and laborers.

Our city should accelerate the campaign to eliminate hunger and reduce poverty, limit the excessive rich-poor polarization, strictly handle activities aimed at amassing illegal wealth, and always ensure social equity in each development step so that everyone can benefit from the outcome of the renovation and national unity can be better cultivated. The people's health should be adequately protected and cared for; slum areas should be eliminated; and the living environment should be improved. Movements for physical exercise and sports should be expanded. Social organizations, businesses, and society as a whole should be encouraged to participate actively in the movement to show gratitude to people with meritorious deeds. Charitable activities should be developed.

We also need concrete plans to protect the culture and the national spiritual values, and to prevent the degradation of the cultural and social standards. We should strive to develop our fine standards of morality, traditional customs and norms, and national pride. We should also encourage more healthy and civilized lifestyles and educate people about these. We should also commend exemplary people who observe the law and social discipline in an exemplary manner.

We should try harder to organize healthy, modern, cultural and artistic activities with a higher quality and replete with our traditional national identity while accommodating the new values of the humankind. Efforts

should be made to have more resolute and effective control over harmful cultural products. All activities that involve trading or circulating these products should be penalized severely.

Efforts must be made to consolidate national defense, strengthen the maintenance of political security and social order and safety, positively prevent and oppose social vices, and heighten vigilance. Efforts must also be made to firmly grasp the situation; promptly detect counter-revolutionary schemes; deal seriously with reactionary groups; stop illegal acts causing disturbances to the public committed by burglars and thieves, drug addicts, prostitutes, and gamblers; and eliminate the activities of various social and charitable organizations in disguise that assist the hostile forces to create conditions for a rebellion.

To fulfill the tasks against a background of swift and complicated changes in the city, the city party organization must firmly grasp its political leadership role in all fields including the economic, social, cultural, education, security, national defense, diplomatic, and foreign trade domains. It must strive to build pure and firm party organizations from party chapters and basic party organizations at the grass-roots level to those at the ward, district, and city levels. Special attention should be paid to the party building task in various companies, hospitals, and universities. It is essential to accelerate the building of the party organization at nonstate enterprises and ensure the party leadership in all areas, domains, and units. Efforts must be made to enhance the comprehensive leadership capability and militancy of various party organizations and echelons of party committees to develop their role as a nucleus in leading the implementation of the political task in localities and at various echelons, sectors, agencies, and units. It is necessary to resolutely oppose such phenomena as individualism, degeneration, decadence, privileges, embezzlement, waste, bureaucratism, opportunism, and being distant from the people. Efforts should be made to closely inspect and control the activities of various party organizations, the administration, mass organizations, and the armed forces; and to stop the acts of those who take advantage of the organization's reputation to promote their own interests while violating state laws and regulations and damaging the party's prestige.

In face of the new, increasingly difficult and complicated tasks of the city in the new stage, the city party organization must pay special attention to educating cadres and party members and urging them to continue the struggle for the revolutionary cause, to consistently study and bolster their knowledge, to enhance their ethics and quality, and to enhance their political background; they must also practice diligence, thrift,

honesty, righteousness and impartiality. We must ensure that party organizations, cadres, and party members have sufficient prestige and capability to organize and mobilize the people to triumphantly implement the party lines and policies and abide by the state laws. Efforts must be made to strengthen internal unity and broaden democracy while enhancing the sense of organization and discipline. All party members, regardless of their positions, are subject to the management of the party organization and inspection by the people; they must seriously and correctly implement party statutes and abide by the state law without any exemption. We must commend good deeds while seriously dealing with all acts violating the state law and the party statutes.

Working for the party organization of a city with a large population and a very diversified people structure comprising various classes, strata, circles, sectors, and ethnic and religious groups, you, comrades, have paid special attention to accelerating the implementation of the Party Central Committee's resolution No. 8B on mass mobilization work. In the new situation, it is necessary to continue to develop the role of the Fatherland Front, mass societies, and the political and social organizations; to strive to broaden and strengthen the all-people great unity, stay close to the people and listen to their aspiration; to truly care for the material and spiritual life of our countrymen; and to protect the peaceful working life of the people; it is also necessary to satisfactorily carry out administrative reform; to resolutely amend procedures that cause inconveniences that may lead to authoritarianism and extortion; to seriously deal with acts of corruption and violation to the people's right of mastery; and to mobilize all the strata of people and the countrymen living abroad to positively contribute to building the city.

While discussing the political report of the city party organization to determine the tasks and orientations for the next term, the congress must fulfill another important task: that is, to make a decision on the personnel issue. I hope that the comrade delegates to the congress will uphold their responsibility and will discerningly elect to the city party organization's new executive committee those who are competent, who have the people's confidence, who have both virtue and the ability to fulfill the assigned tasks, and who can ensure the continuity and succession of the contingent of leading cadres. The congress should also elect exemplary people to attend the Eighth National Party Congress.

Dear comrades,

The success of the city party organization congress will significantly contribute to the success of the national

party congress. I hope that you, comrades, will concentrate your intelligence to discuss and issue a correct resolution to develop the city in the new stage, contribute appropriately to the cause of industrialization and modernization, and implement the objectives of a prosperous people, a powerful country, and an equitable and civilized society, thereby leading the city to firmly move toward socialism, together with the whole country.

I wish the city party organization congress a splendid success.

SRV: Party, State Delegation Honor President Ho Chi Minh

*BK1805155996 Hanoi VNA in English
1512 GMT 18 May 96*

[FBIS Transcribed Text] Hanoi VNA May 18 — A delegation of the Communist Party of Vietnam (CPV) Central Committee, the state, the National Assembly, the government, and the Vietnam Fatherland Front Central Committee (VFFCC) this morning paid a floral tribute to the late President Ho Chi Minh at his mausoleum on the occasion of his 106th birthday (May 19).

The delegation was led by Party General Secretary Do Muoi, Adviser to the CPV CC Pham Van Dong and Vo Chi Cong, State President Le Duc Anh, Prime Minister Vo Van Kiet, National Assembly Chairman Nong Duc Manh, and President of the Presidium of the VFFCC Le Quang Dao. The same day delegations of the Hanoi's party committee, ministries, branches and mass organizations paid tribute to the late President Ho Chi Minh at his mausoleum.

SRV: Newspaper Names Members of Hanoi Committee

*BK1905143796 Hanoi HANOI MOI in Vietnamese
14 May 96 p 1*

[Unattributed report: "List of Members of the Standing Committee, Current Affairs Committee, and Control Committee of the Hanoi Party Committee"]

[FBIS Translated Text] Standing Committee [thuowngf truwcj] of the Hanoi party committee:

Secretary of the Hanoi party committee: Le Xuan Tung.

Deputy secretaries: Hoang Van Nghien, Pham Loi, and Tran Van Tuan.

Members of the Current Affairs [thuowngf vu] Committee:

Le Anh Hao, Nguyen Manh Kiem, Luu Minh Tri, Nguyen Ngoc Dinh, Dinh Hanh, Luong Ngoc Cu, Tran

Quang Giao, Tran Van Thong, Nguyen Thanh Binh, Pham Chuyen, and Cao Minh Chau.

Control Committee of the Hanoi party committee (comprising nine members):

Chairman: Nguyen Manh Kiem.

Vice chairmen: Bui Thi Xo and Le Tien Hao.

SRV: Le Xuan Tung Interviewed on Hanoi Tasks
*BK2005090896 Hanoi HANOI MOI in Vietnamese
14 May 96 pp 1, 4*

[Interview with Le Xuan Tung, newly elected secretary of the Hanoi Party Committee, by unidentified HANOI MOI correspondent; place and date not given]

[FBIS Translated Text] [HANOI MOI] Comrade Secretary of the Hanoi Party Committee, could you appraise the achievements and the great significance of the 12th Hanoi party organization congress?

[Le Xuan Tung] First of all, I would like to thank the press, the radio and television stations of the city, for arranging this interview. The 12th Hanoi party organization congress is considered one of the most successful congresses. The congress discussed and contributed ideas to draft documents, which will be presented to the Eighth National Party Congress. Specifically, I repeat specifically, the congress spent a lot of time discussing and contributing ideas to the party organization's political report submitted at the 12th Hanoi party organization congress. There were many issues in this report that required extensive discussion, but the presidium of the congress guided delegates to focus their discussions and make proposals to 11 key issues. Most of the delegates expressed their views on these issues. Some of the issues had the support of 98-99 percent of the delegates. This indicates the high sense of unanimity of the congress on issues that require the attention, appraisal, and implementation by the city over the next five years.

The congress also elected a new executive committee of the city party organization. The election, which was carried out in serious fashion and with a high sense of unanimity, elected all the committee members on one ballot. The congress proceeded in a democratic, open, frank, constructive, enthusiastic, and responsible atmosphere. Generally speaking, the 12th Hanoi party organization congress was a splendid success. This success will significantly contribute to the Eighth National Party Congress, because the Hanoi party organization has a large number of party memberships, many of them with high education background. They have concretely and positively contributed ideas to documents of the eight

party congress. Moreover, the congress elected a 39-member delegation to the Eighth National Party Congress. This delegation will make positive contributions to the national party congress.

[HANOI MOI] What measures will the 12th executive committee of the Hanoi party organization take to lead the capital party organization and people to fulfilling the set objectives from now to 2000 and the ensuing years? What are the priority issues that need to be resolved on a long-term basis, or in the immediate future?

[Le Xuan Tung] To answer this question, I would like to refer to two issues. The important lesson drawn from the last term was that economic development was the main task, party building was the key work with cadre-related task as a decisive factor, and planning and management of the city was the regular work. This great lesson conformed with results of a recent social science survey conducted through 14,000 questionnaires that were distributed to various people's strata and different social classes. Public opinion asked the 12th Hanoi party committee to pay special attention to developing the economy, strengthening management of the capital, and enhancing the efficacy of the administration, especially at the grass-roots level.

The lesson of experience matches the results of the social science survey. As a result, I think our capital should concentrate its efforts on developing the economy. Naturally, in reality there are many tasks that need to be carried out and many pressing issues to be resolved. We should not pay attention only to the immediate tasks, neglecting the long-term ones. A strong economy is the foundation for many other achievements, while party building is still the key task. We have done a number of tasks toward these objectives, however, we must now carry them out more vigorously. We need to implement the party building task more profoundly; that is each basic party organization must review its past weaknesses to formulate plans and take measures to resolve various issues and consolidate development. We must not carry out the party building task by applying various general measures. We should pay special attention to taking appropriate measures for the cadre-related task, that is to assign the right cadres to the "right movements."

City planning and management is the third issue. It calls for concentrated efforts to resolve the issue, and requires the improvement of the work efficiency of administrative organs at all levels. Urban modernization and renovation must be carried out within the bounds of discipline and law. The consolidation and firm maintenance of wards and villages will contribute to maintaining discipline and law. To meet the immediate

objectives of city management, efforts must be made to clear sites so construction can begin on schedule and implement government decrees on public security and order.

[HANOI MOI] Do you have any comments regarding the executive committee of the 12th party organization or on the standing body of the newly-elected city party committee?

[Le Xuan Tung] The executive committee of the newly-elected 12th city party organization consists of 51 comrades representing the will, aspirations, and resolve of the local party organization and people. The comrade members of this newly-elected city party committee have both quality and competence, thus proving themselves worthy of the congress delegates' confidence in them. A study of the composition of the new executive committee and of the educational background of its members will shed more light on this remark. Ninety-six percent of city party committee members have completed college. Fifty-seven percent have completed post-graduate education and have either a master's degree or are associate professors. Six out of 51 comrades are women. Thirty-three comrades of the 11th city party committee have been reelected. Eighteen comrades are first-time participants. The new executive committee consists of representatives from various departments, sectors, mass organizations, districts, and grassroots establishments. The participation of a number of comrades from central agencies, universities, and business establishments has added a more comprehensive character to the executive committee.

The new executive committee elected 15 comrades to its standing body on the morning of 13 May. The new standing body has more personnel than previous ones. In addition to old comrades, it has both middle-aged and young comrades to ensure different age groups in party committee echelons and guarantee succession and continuity to avoid a cadre gap in the future.

[HANOI MOI] What do you think about the duty with which you have been entrusted by the congress?

[Le Xuan Tung] The duty as secretary of the city party committee with which I have just been entrusted by the city party organization and its executive committee is very heavy. I understand that unless I make great efforts, I will not be able to fulfill that duty. This is both a great honor and a heavy mission. Honor will not last long, but duty will. Honor rests in part with, but comes after, duty. Only when we satisfactorily fulfill our duty can we have our honor guaranteed. No matter what efforts we make, we still find it difficult to fulfill our duties unless we have the positive support of the standing body and executive committee as well as the

constructive criticisms of the local people's council, people's committee, party organization, and people.

Comrade Secretary of the Hanoi Party Committee, could you appraise the achievements and the great significance of the 12th Hanoi party organization congress?

[Le Xuan Tung] First of all, I would like to thank the press, the radio and television stations of the city, for arranging this interview. The 12th Hanoi party organization congress is considered one of the most successful congresses. The congress discussed and contributed ideas to draft documents, which will be presented to the Eighth National Party Congress. Specifically, I repeat specifically, the congress spent a lot of time discussing and contributing ideas to the party organization's political report submitted at the 12th Hanoi party organization congress. There were many issues in this report that required extensive discussion, but the presidium of the congress guided delegates to focus their discussions and make proposals to 11 key issues. Most of the delegates expressed their views on these issues. Some of the issues had the support of 98-99 percent of the delegates. This indicates the high sense of unanimity of the congress on issues that require the attention, appraisal, and implementation by the city over the next five years.

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[HANOI MOI] What measures will the 12th executive committee of the Hanoi party organization take to lead the capital party organization and people to fulfilling the set objectives from now to 2000 and the ensuing years? What are the priority issues that need to be resolved on a long-term basis, or in the immediate future?

[Le Xuan Tung] To answer this question, I would like to refer to two issues. The important lesson drawn from the last term was that economic development was the main task, party building was the key work with

cadre-related task as a decisive factor, and planning and management of the city was the regular work. This great lesson conformed with results of a recent social science survey conducted through 14,000 questionnaires that were distributed to various people's strata and different social classes. Public opinion asked the 12th Hanoi party committee to pay special attention to developing the economy, strengthening management of the capital, and enhancing the efficacy of the administration, especially at the grass-roots level.

The lesson of experience matches the results of the social science survey. As a result, I think our capital should concentrate its efforts on developing the economy. Naturally, in reality there are many tasks that need to be carried out and many pressing issues to be resolved. We should not pay attention only to the immediate tasks, neglecting the long-term ones. A strong economy is the foundation for many other achievements, while party building is still the key task. We have done a number of tasks toward these objectives, however, we must now carry them out more vigorously. We need to implement the party building task more profoundly; that is each basic party organization must review its past weaknesses to formulate plans and take measures to resolve various issues and consolidate development. We must not carry out the party building task by applying various general measures. We should pay special attention to taking appropriate measures for the cadre-related task, "is to assign the right cadres to the 'right movements'."

City planning and management is the third issue. It calls for concentrated efforts to resolve the issue, and requires the improvement of the work efficiency of administrative organs at all levels. Urban modernization and renovation must be carried out within the bounds of discipline and law. The consolidation and firm maintenance of wards and villages will contribute to maintaining discipline and law. To meet the immediate objectives of city management, efforts must be made to clear sites so construction can begin on schedule and implement government decrees on public security and order.

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selves worthy of the congress delegates' confidence in them. A study of the composition of the new executive committee and of the educational background of its members will shed more light on this remark. Ninety-six percent of city party committee members have completed college. Fifty-seven percent have completed post-graduate education and have either a master's degree or are associate professors. Six out of 51 comrades are women. Thirty-three comrades of the 11th city party committee have been reelected. Eighteen comrades are first-time participants. The new executive committee consists of representatives from various departments, sectors, mass organizations, districts, and grassroots establishments. The participation of a number of comrades from central agencies, universities, and business establishments has added a more comprehensive character to the executive committee.

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SRV: Hanoi Party Executive Committee Holds First Session

*BK2005075296 Hanoi HANOI MOI in Vietnamese
14 May 96 p 1,4*

[Report by Kim Dung]

[FBIS Translated Text] The 12th Hanoi party organization Executive Committee held its first session to elect the Standing [thuowngf truwaj] Committee, Current Affairs [thuowngf vuj] Committee, and Inspection Committee for the municipal party committee.

Comrade Pham The Duyet, member of the Political Bureau and former secretary of the [out-going] 11th municipal party committee, opened the session. He began with a report on recommendations from the Party Central Committee concerning staffing for the Current Affairs Committee of the 12th municipal party Organization Executive Committee. He then named those comrades who were recommended for various positions, for consideration and election by the session. Comrade Pham The Duyet emphatically said: The issue of staffing for the municipal party committee was carefully thought out by the Current Affairs Committee and the Inspection Committee of the 11th municipal party committee. It was endorsed by various Party Central Committee organs and the Political Bureau. The final decision, however, still rests with this party session. The 12th municipal party committee will discuss the matter, and hold an election.

He added: After studying the results of an opinion poll conducted by the 11th municipal party committee on who should be recommended to hold key positions in the Hanoi municipality, the party Central Committee recommended Comrade Le Xuan Tung, member of the party Central Committee, deputy secretary of the Standing Committee of the outgoing 11th municipal party committee, and member of the present 12th municipal party committee, for the post of secretary of the 12th municipal party committee.

Presiding over the session, Comrade Le Xuan Tung underscored the importance of this first session. He urged the delegates to use their wisdom, their sense of responsibility, and to adopt a scientific method to appraise everyone's performance. He urged electing worthy leaders with high prospects for further development. They need to meet their duties and ensure smooth succession of the cadres after the year 2000.

The session elected a 12-member current affairs committee under the municipal party committee, with Comrade Le Xuan Tung elected secretary; Comrade Hoang Van Nghien, Comrade Pham Loi, and Comrade Tran Van Tuan as deputy secretaries. The session also elected a nine-member inspection committee, under the municipal party committee with Comrade Nguyen Manh Kiem as its chief and Comrade Bui Thi Xo and Le Tien Hao as its deputy chiefs.

The election was held in a spirit of scrupulousness and with a high sense of responsibility and unanimity.

On behalf of the municipal party standing committee and the 12th municipal party organization executive committee, Comrade Le Xuan Tung, secretary of the municipal party committee, expressed his sincere gratitude to Comrade Pham The Duyet and the 11th municipal

pal party organization executive committee. He pledged to strive to develop those achievements recorded by the municipal party committee in the past, especially in its 11th term of office, to fulfill the missions assigned to him by the party organization and people of the municipality.

Later in the afternoon, the municipal party committee held a cordial get-together between members of the 11th and 12th municipal party organization executive committees.

SRV: Vu Oanh on Measures To Improve Mass Mobilization Work

*BK2005160696 Hanoi LAO DONG in Vietnamese
12 May 96 pp 1, 7*

["Excerpt" of speech by Vu Oanh, Communist Party of Vietnam Central Committee Political Bureau member, to the party organization congress of the Bloc of Central Mass Mobilization Organs in Hanoi "on 7-9 May"]

[FBIS Translated Text] The mass mobilization work of the party organization of the Bloc of Central Mass Mobilization Organs has recorded encouraging achievements during the past several years.

The Central Committee for Mass Mobilization Work, the Fatherland Front Central Committee, and agencies of the executive committees of mass organizations at the central level have achieved obvious and outstanding changes in this task.

1. They have studied and made proposals to the central government to formulate lines and policies on: developing the countryside, promoting agriculture, and building the peasant forces (in close association with the seventh party Central Committee's fifth plenum resolution). They have also contributed ideas and proposals for lines and policies on national industrialization and modernization and on building the workers class (stipulated in the seventh party Central Committee's seventh plenum resolution); for the youth mobilization work (mentioned in the seventh party Central Committee's fourth plenum resolution); for the development of the national great unity strategy in the new situation and duty (resolution No. 07 of the party Central Committee Political Bureau); and to the Political Bureau's resolutions on the policy toward women and religions... All these proposed ideas have been studied with a great sense of responsibility toward the party Central Committee.

2. Efforts have been made to: renovate and regulate activities in each sector; strengthen relations with the grassroots units, people, and memberships; and launch various revolutionary movements among the people with emphasis given to the people's interests and aspi-

rations, thus receiving the enthusiastic participation of the masses. (All groups from the Fatherland Front Central Committee, Women's Union, Youth Union, Trade Union, to the Peasants Association, War Veterans Association, the Red Cross Society, and Association of the Elderly People... have participated in these movements). Indeed, these movements have increasingly developed in depth and have recorded good results.

3. Activities of each mass organization have helped develop the spirit of dynamism and creativity, strengthened the vitality of its internal affairs, and promoted democracy a further step. As a result, the role and activities of these mass organizations have initially won the people's confidence.

These are achievements recorded by various mass organizations with great contributions made by party organization of the Bloc of Central Mass Mobilization Organs and of cadres and party members of the bloc, thanks to their concept of renovation, new insight, and new capability and maturity.

Nevertheless, in the days ahead, the mass mobilization work and cadres responsible for this task should not stop at what they have done and have had. They should make greater efforts to surge forward to renovate their activities and to anticipate new requirements demanded by the daily life:

— First, each of us must have a comprehensive insight of the political, economic, cultural, social, security, and national defense domains... and to serve as a basis for the mass mobilization work of the party.

— It is essential to actively participate in various mass movements to thoroughly understand the people's feelings and aspirations and their achievements and failure in production, business, and other livelihoods so as to strengthen the mass mobilization work. Correct thoughts and acts must be taken to promote the people's revolutionary movements.

— It is necessary to consistently and firmly grasp the party and state lines and policies on grassroots units and closely study and detect urgent issues at the grassroots to inform the higher level regarding their resolution. We must strive to propose a program of action for mass mobilization work in each of our sectors and agencies. Efforts should be made to profoundly review and exploit the quintessence of the people's creativity and combine this with our capabilities to formulate lines and policies unifying the aspirations of the party and the people.

SRV: Crowd Riots Over Expropriation of Land for Golf Course

*BK1905083396 Hong Kong AFP in English
0633 GMT 19 May 96*

[FBIS Transcribed Text] Hanoi, May 19 (AFP) — One woman was killed and several dozen police injured during clashes near Hanoi with hundreds of people resisting the expropriation of their land, the Thanh Nien newspaper said.

Around 400 people hurled stones and police and fought them with pickaxes and farm tools. The authorities were trying to clear 128 hectares (316 acres) of land 20 kilometers (12 miles) from the capital to make way for a new golf course.

The newspaper said Saturday that a woman, employed as a cook with one of the army units carrying out construction work, drowned while swimming in a lake to escape the angry crowd.

There are frequent protests against land expropriation for the many new construction projects underway in Vietnam, but most remain peaceful.

SRV: Minister Comments on Investment Projects, Appraisal Process

*BK2005154896 Hanoi VNA in English
1402 GMT 20 May 96*

[FBIS Transcribed Text] Hanoi VNA May 20—Minister Dau Ngoc Xuan was quite convinced when he told VIETNAM COURIER that project appraisals is the work of experts, not government officials. "Of course, [passage omitted]" he added, however.

Reality has shown that only experts can appraise with much better precision the future of an investment project in their field of expertise. So, this chairman of the National Board for Investment Project Appraisal (NBIPA), which was set up late last year as a consultant for the prime minister in decisions on investment projects, has lined up in his rank top experts of each field and even experienced international experts.

Although project appraisal has been conducted ever since Vietnam first opened its door to foreign investment in late 1987, it was not taken seriously until late 1994 when the Vietnamese Government issued an official regulation on the formation, appraisal and implementation of foreign direct investment projects. Improvement was almost instant in the work of the then State Committee for Cooperation and Investment (SCCI) and other investment-related agencies. The licensing and other procedures were also simplified as a result of this regulation and the upgrading of the professional level of project appraisers.

As Vietnam became more experienced in project appraisal, it became opportune that it provided a separate mechanism for experts to conduct project appraisal in a more objective and independent way. NBIPA was set up as a result and Mr. Dau Ngoc Xuan, former chairman of SCCI, was appointed to head it.

According to government regulations, all projects with a capital of 40 million USD or more and those in infrastructure will have to be approved by the prime minister after being appraised by NBIPA. Projects of these categories now account for about 20 percent of the total number of foreign-invested projects and 80 percent of the total registered capital.

Mr. Xuan said that since its establishment, NBIPA has appraised over 15 such projects. He also said that for [word indistinct] of the projects, a separate appraisal committee was set up, comprising competent experts in the related fields.

With the introduction of NBIPA, investment project appraisal is now done in a much more appropriate way than before. According to Mr. Nguyen Mai, a former SCCI vice chairman, in the past, this work was done mainly on the feasibility and rationality of the project as [words indistinct] by the investor, not on a double-check basis. As a result of this, while the country had not yet a clearly-defined policy on imported technology and while many branches of its economy were looking for labour-intensive technologies, they had virtually no control over the technologies imported by the foreign investor who would often hike import prices by from 10 percent to 30 percent. The new appraisal method aims to eliminate these malpractices.

It is also to help bridge the discriminating gap in import tariffs between domestic and foreign investments which has worked to the disadvantage of domestic investors.

SRV: Foreign Investment 'Plunged' During First Four Months

*BK2005111696 Hanoi VIETNAM INVESTMENT
REVIEW in English 6-12 May 96 p 1*

[Report by Quoc Vinh]

[FBIS Transcribed Text] FOREIGN investment in the first four months has plunged more than half of that of the same period last year, with US\$1.24 billion from 87 licenced projects, according to a source from the Ministry of Planning and Investment (MPI).

Tempering the new figures, a senior official at MPI said that the short-term comparison does not reflect a general slowdown in foreign investment. Investment in the first quarter of 1996 was a 17 per cent increase over investment in the last quarter of 1995, he said.

The investment total at the end of April was down 52 per cent on the same period in 1995, when 134 projects worth US\$2.579 billion received investment licences. Year-on-year investment in Ho Chi Minh City is down 28 per cent.

"There is still a long list of projects awaiting approval, which will boost the amount to an astonishing level within the next few weeks," the official said.

He said, if the Government were to approve a minicity development near Hanoi's Thang Long bridge—worth about US\$2 billion, the project would significantly boost investment figures. He would give no further details about the mini-city or progress on licensing negotiations other than to say relevant authorities were considering it.

Le Quang Minh, deputy chief of Ho Chi Minh City's Committee for Investment and Cooperation, told local press that changes in land lease regulations were to blame for the decline. "Changes in regulations concerning land lease procedures was the major reason for the decrease (of foreign investment)," Minh was quoted saying.

Minh said that 20 projects in Ho Chi Minh City with total investment of US\$80 million were awaiting MPI approval.

Vietnam has focused more this year on processing applications of industrial projects. Some 64 of the 87 licensed projects are industrial in nature. Total invested capital in these projects was US\$1.028 billion or 83 per cent of approved investment.

Infrastructure development was the second biggest sector with two projects worth US\$93.9 million.

Taiwan remains Vietnam's largest foreign investor.

SRV: State Bank, Advisory Committee Agree on Debt Forgiveness

*BK2005154996 Hanoi VNA in English
1408 GMT 20 May 96*

[FBIS Transcribed Text] Hanoi VNA May 20 — The State Bank of Vietnam (SBV) and a bank advisory committee of its creditors announced today that they had agreed on overall financial terms of debt forgiveness and obligations relating to Vietnam's commercial loans worth over USD 900 million.

The agreement was another landmark for Vietnam in its way to integrate into the international financial markets.

The two sides agreed on options for settling the debt, including cash buy-back, par bonds and discount bonds and on terms of settling overdue interest, which can be done even by issuing another set of bonds.

SRV: Conversion of State Firms Into Joint Stock Companies Viewed

*BK1905134096 Hanoi VNA in English
1224 GMT 19 May 96*

[Joint Stock Companies Boosted in Vietnam" — VNA headline]

[FBIS Transcribed Text] Hanoi VNA May 19 — The government has decided to convert a number of state-owned enterprises into joint-stock companies in order to mobilize more capital from employees of the enterprises and from other domestic and foreign organisations to develop economic production.

The decision is promulgated in a government decree released on May 7. This policy is also touched upon in the draft political report to be submitted at the coming eighth party congress, which says that it is necessary to 'sum up the experience of pilot cases and actively and steadily carry out equitization of state enterprises to raise additional funds and create additional motives with a view to their effective operation and an increase in state capital but not their privatisation.'

To date, eight state enterprises have been experimentally turned into joint-stock companies in accordance with company laws, and have recorded initial encouraging achievements. They include the United Transport Company (Ministry of Transport and Communications), the Ho Chi Minh City Refrigeration Engineering Enterprise, the Leather Goods, Garment, Textile, Import-Export Company (Legamex) (Ministry of Trade), the Thach Ban Brick and Tile Enterprise (Ministry of Construction), the Binh Minh Plastic Enterprise and the Hiep Hung Footwear Factory (Ministry of Industry), the Long An Export Processing Enterprise, and the Ho Chi Minh City Coach Joint-Stock Company.

Enterprises engaged in electricity, water supply, petrol, oil and gas exploitation and refining, non-ferrous metals, precious and rare minerals, explosives, toxic chemicals, specific pharmaceutical products, telecommunication, military equipment, and weapons production are not permitted to be equitised at present key sectors with high revenues such as steel, cement, beer, and tobacco industries are also exempted from equitisation.

In the newly equitised enterprises, employees will be given first priority to purchase up to 40 percent of the share capital. The government will hold 51 percent of the capital and the remainder will be sold to the public including foreigners.

Before 1992, the country had some 12,000 state-run businesses which each year produced 30 percent of the gross domestic product, 56 percent of industrial

production, and contributed 60 percent of the state budget, but in fact these enterprises made very low profits of about 0.97 percent per year. Moreover they tied up more than 90 percent of the nation's capital, and were given priority to borrow 80 percent of the national banks' funds. The number of profitable enterprises accounted for 20-25 percent of the total state businesses, while 30-35 percent suffered losses in operation, with the remainder existing with great difficulties.

The main reason of the unsatisfactory operation of the state-run economic sector was that these units were set up and operated for a long time under subsidy mechanism, and once enlarged were financed by the state budget, never having faced the pressure of competition. Another reason is that the owner of an enterprise's assets was the state, but it did not directly manage the business, where as the director assigned by the state to manage the business has no right to use the assets or decide the existence of the business.

Since the promulgation of a decision on handing over the right of self-control to enterprises in 1988, due to

the shortage of capital and inadequate managerial mechanism, only a few state-run enterprises have adapted to the new situation, while many have failed in their operations, causing serious losses to state property.

In the 1992-94 period, the state reorganized state-run enterprises, reducing the number of the enterprises by 50 percent (including 30 percent by merging with other business, and 20 percent by dissolution).

At present, there are more than 6,000 state-run businesses nationwide which will continue being reorganized. One-third of them will become corporations and major companies, and the others will be divided into two kinds namely profit making businesses and public welfare undertakings.

Equitization will also be applied to profit making business and it is expected that two percent of the above-said 6,000 businesses will be equitized in 1996-97.

Australia

Australia: Defense Minister: Good Indonesian Ties 'Essential' Goal

BK2005155196 (Internet) Australian Broadcasting Corporation Online WWW in English
1039 GMT 20 May 96

[FBIS Transcribed Text] Maintaining good relations with Indonesia has been described as an essential security goal by Defence Minister, Ian McLachlan.

Mr McLachlan says Indonesia's military effort to destabilise Malaysia from 1962 to 1966 shows that maintaining good relations with Indonesia is an essential security goal for both countries.

He praised the former government for pursuing good relations, and pledged to continue the policy.

Mr McLachlan says building trust between neighbours has been a feature of Australian regional diplomacy for at least 50 years.

Australia: First ANZAC Frigate Commissioned in Melbourne

BK1805125096 Melbourne Radio Australia in English 1100 GMT 18 May 96

[FBIS Transcribed Text] The first of the Australian Navy's ANZAC frigates has been commissioned at the ceremony in Melbourne. The defense minister, Ian McLachlan, attended the commissioning of the ship, named ANZAC, by the commanding officer, Captain Les (Pataki). Another guest at the ceremony was the former Matron Vivian (Bulrankle), retired Lieutenant Colonel Vivian (Stathem), a survivor of a Japanese prisoner of war camp, (?who) in 1994 had launched the 3,600-ton ship.

The ANZAC is the first of 10 frigates being built at a cost of \$6.2 billion [Australian dollars] for the Australian and New Zealand Navy at Williamstown in Melbourne.

Marshall Islands

Marshall Islands: Minister Frustrated by Issue of U.S. Nuclear Tests

LD1705115396 Melbourne Radio Australia in English 0700 GMT 17 May 96

[FBIS Transcribed Text] The Marshall Islands foreign minister, Phillip Muller, says he is frustrated by decisions for Marshallees affected by radiation from American nuclear tests in the 1950's. The minister is in Honolulu for talks with the U.S. Department of Energy to discuss the program of medical treatment for islanders

exposed to nuclear fallout. The Marshall Islands Government says it cannot be expected to provide care for its citizens when the treaty with the U.S. ends unless it understands the full extent of nuclear test damage. It says recently declassified documents show that many more islanders have been exposed to nuclear test fallout than previously acknowledged by the U.S.

New Zealand

New Zealand: Prime Minister Views Economic Policy

BK1805122396 (Internet) New Zealand Parliamentary WWW in English 15 May 96

[Address by New Zealand Prime Minister Jim Bolger to the New Zealand Employers Federation and Combined Business Organizations Conference on "Moving Forward" at the Ellerslie Convention Center in Auckland on 15 May]

[FBIS Transcribed Text] Simon Holdsworth, the New Zealand Employers' Federation and combined business organisations, ladies and gentlemen.

Two days ago I returned from a visit to Japan, the Republic of Korea and Hong Kong.

The significance of the Asia-Pacific region to New Zealand cannot be over-emphasised and my visit reaffirmed the priority we attach to those relationships.

In New Zealand we rely on the Asia-Pacific for some 70 per cent of our foreign trade and most of our foreign investment.

Korea alone is now our fifth largest export market and, if present trends continue, may soon overtake Britain, our most important trading partner only a generation ago.

Japan — our second largest market after Australia — despite some recent difficult years, because of its size and sophistication remains the engine of growth in the Asia-Pacific region.

The visit strengthened my view that New Zealand's future is as a value-added international trader.

To compete and thrive in that dynamic Asian marketplace we have to be competitive.

The economic changes and gains we have made over the past decade provide us with that competitive base, but the drive to succeed must come from the leadership of individual firms.

It was good to see a New Zealand firm like Logan Clothing had opened retail outlets in Tokyo to compete in the casual wear market with quality goods.

Their effort is closely linked to New Zealand's success in the America's Cup.

Snowy Peak, the Christchurch knitwear manufacturer, is also in Japan promoting quality New Zealand goods.

It was also good to see that major New Zealand corporates now have more people on the ground in Tokyo.

By comparison, Seoul, Korea, had virtually no one despite the fact that Korea is New Zealand's fifth largest market.

I repeat, the Government can create the economic framework for success, it can provide assistance through organisations like Tradenz, but the drive, the skill and flair needed to succeed in world markets must come from the private sector.

Financial and labour market reforms have strengthened our economy to give us an economic growth rate averaging four per cent a year from 1991-1995 and sustained low inflation averaging under two per cent since 1991.

This has allowed us to repay debt, reduce taxes and invest far greater sums in higher quality education and health.

A pillar of the economic recovery has been the freeing up of the labour market through the Employment Contracts Act (ECA), the fifth anniversary of which you celebrate here.

That significant change was crucial to creating the open, competitive economy we have today.

The ECA not only helped the economy and business, it also benefited working people.

Since the labour market reforms were introduced, in excess of 200,000 jobs have been created — real work for real people.

To put it another way, our unemployment rate has come down from a peak of 11 per cent to one of the lowest in the western world, around six per cent.

That's the lowest rate of unemployment in New Zealand since December 1988.

Workers have not just benefited from increased job opportunities.

The ECA has removed barriers in the workplace and promoted more efficient bargaining structures.

It has allowed the labour market to respond more easily to changes in the wider economy.

Workers and employers are coming up with working arrangements that suit their needs and productivity has increased.

This is what brings you all here today and rightly so.

Strong economic growth, strong job growth, low inflation — those have been the hallmarks and foundations of the gains we have made and must seek to retain in future years.

As the political debate gathers momentum over the coming months various political parties will argue for a return to the past.

But we should not forget that New Zealand has moved from being one of the most regulated, and poorest performing economies in the OECD, to one of the most liberal and high performing economies in the world because we dared to make far reaching changes.

The economy is now 25 per cent larger than it was in 1990.

Without that growth unemployment would be over twice what it is today, debt would be much higher, interest rates much higher and investment in health and education much lower.

In short, we would be a much poorer people.

It is also worth highlighting that while in percentage terms our economic growth is expected to ease this year, in dollar terms the amount of growth is likely to be similar to the previous year, that is, about \$3-4 billion [New Zealand dollars].

A recent study commissioned by the Ministry of Commerce noted there is now a generally positive attitude towards the environment in which firms operate.

That compares with over 70 per cent having an unfavourable impression in 1990.

These are economic and business gains that must not be thrown away.

Providing greater security for families and children and preparing to meet the pressures further out created by an ageing population remain central to our economic platform.

Debt reduction is an important part of reducing economic vulnerability. But it is not a goal in itself.

We have an obligation to continue to help the future economic and social well-being of New Zealanders.

Debt reduction and prudent government spending has allowed us to start to deliver on these other goals:

— lower taxes

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AUSTRALASIA

— helping beneficiaries into work and off dependence
— raising the quality of our education and health systems.

That having been said, I know some in businesses are hurting.

And that the higher value of the New Zealand dollar, itself a reflection of our economic progress, affects the profitability of exporting.

Operating with a higher valued currency only reinforces the necessity of continuing to further improve the business environment in New Zealand.

It most certainly doesn't support an argument for a return to the old cost plus inefficiencies of the past.

In all the talk about success, New Zealanders mustn't lose sight of the fact that nations, especially small ones, do not remain wealthy as of right, or by nature or by chance.

They get wealthier, or may get poorer, by virtue of how their economies perform, how they use their assets and talents to develop.

The story of the post-war world is of countries growing and developing and providing better lives for their people through sound, consistent economic and political leadership.

I've said earlier, I see New Zealand's future as an active value-added international trader.

To achieve this, and retain the gains made so far, government, business and industry must remain focused.

We need to continue to look at ways to improve productivity.

By reducing costs and lifting production through, for example, technological advances.

We will only maintain higher productivity through better education and training, better infrastructure, better government and better management.

We benefit most by exporting more skill-intensive goods and services.

For this we need a highly-skilled and knowledgeable workforce.

Government has been and remains committed to investing in education and training. Education will be a focus in next week's Budget.

It is not unreasonable to expect that our children will need to re-train during their working lives.

Here both the education sector and industry carry considerable responsibility.

We can learn from successful firms — those with strategic visionary management.

They show us we can make the transition from commodity economy to one based on skill and talent.

A good example of this is manufacturing.

You may not be aware that since the ECA has been in place exports of elaborately transformed goods have risen by 75 per cent.

Our exports of electrical and electronic goods exceed those of apples and pears.

We now export more aluminium and steel products than lamb and mutton.

To maintain these positive trends, New Zealand's domestic business environment needs to be enhanced, not constrained by international developments.

That is why we are working through organisations such as APEC, CER [Closer Economic Relations with Australia] and the World Trade Organisation to further lower barriers to trade.

And last but not least there needs to be an effective infrastructure.

Here government, both central and local, has common interests with business and industry.

Higher growth has and will increase demands both the public and private sectors for investment infrastructure along with other priorities, like education and health.

Growth has brought pressures on water supply, waste management and transport systems.

Central and local government can and will provide the strategic direction which benefits business and employers through certainty and stability.

Together they can create the right policy environment to promote enterprise.

We have seen this in recent years through the corporatisation of ports and new energy structures.

Significant investment in infrastructure is required which must be based on the right economic signals from central government.

Land transport is one of the strategic priorities of Government.

A Land Transport Pricing Study is underway — focusing on the cost of road infrastructure.

It is looking at road pricing as an economic good, along with safety and environmental factors.

Pricing and other policies will be put in place to ensure an efficient level of investment in land transport.

Infrastructure is not the sole responsibility of government.

There may be scope for further private investment in infrastructure once the regulatory environment is right.

Let me recap on the points I wanted to make today.

Firstly the successes of the last decade have been considerable: strong economic growth, strong job growth, low inflation.

Secondly those successes did not happen by chance, but came within the Government's overall priorities of:

- maintaining a sound economic platform
- lowering debt
- providing additional assistance for beneficiaries to return to the workforce
- delivering tax reductions
- directing greater resources to priority areas like education and health.

Thirdly, we are already working on the challenges and opportunities ahead to ensure the country has the infrastructure required for continued growth.

Part of the future challenge and future uncertainty is the coming election.

I strongly believe that while Government can manage the transition to MMP [mixed member proportional electoral system], other organisations can also play their part by using all the opportunities they have to inform people of the progress New Zealand has made thus far.

Business can make a worthwhile contribution to this debate.

You have recognised this already with your conference today promoting the benefits and importance of the ECA to economic growth and jobs.

I congratulate and thank you for that and wish you success.

Papua New Guinea

Papua New Guinea: Government Establishes Diplomatic Relations With Panama

LD1905100896 Melbourne: Radio Australia
in English 0700 GMT 17 May 96

[FBIS Transcribed Text] Papua New Guinea [PNG] has established diplomatic relations with Panama in Central America. The prime minister, Sir Julius Chan, said the two developing countries shared similar interests and values and could strengthen cooperation in economic, commercial, and cultural areas. Sir Julius said the formalization of diplomatic relations with Panama was consistent with PNG's aim to expand relations with as many countries as possible.

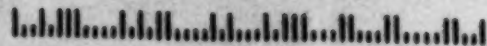
Papua New Guinea: Bougainville Rebels Reportedly Kidnap Soldier, Priest

BK2005144696 (Internet) Australian Broadcasting Corporation Online WWW in English
1026 GMT 20 May 96

[FBIS Transcribed Text] Rebels on Bougainville have reportedly kidnapped a Papua New Guinea [PNG] soldier and a priest, and the PNG Government has asked the Bougainville Transitional Government to help secure their release.

The two men were abducted at Tobago, in the south of the island, on Saturday, the first time a soldier has been taken hostage in the eight-year secessionist conflict on Bougainville.

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